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Web spotlight on you

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HIGH-TECH ISSUES TOP WASHINGTON'S AGENDA

SPECIAL REPORT

Legislators, regulators and jurists in Washington are grappling with some of the toughest policy questions of the Information Age: How should electronic commerce be taxed? Should businesses have virtually unbreakable encryption? Should Microsoft be reined in? This week Computerworld presents a comprehensive report on how decisions by the federal government will affect corporate technology managers for years to come. The stories start on page 73. Some highlights:

YEAR 2000: Users don't want overregulation, but they do want the feds to raise awareness so that phones, banks and power plants will work. Page 76

TELECOM REFORM: Network managers are "very frustrated" that the 1996 law has been so ineffective at spurring competition and better service. Page 76

ENCRYPTION: Restrictions on exporting 128-bit encryption

could put a crimp in global electronic commerce. Page 76

MONEY & POLITICS: Microsoft used to steer its contributions mostly to Democrats but has switched to the Republicans, who control the agenda. Page 74

In an exclusive Computerworld interview, Vice President Al Gore discusses the administration's controversial privacy policy, high-tech visas, net taxes, his favorite Web sites and the year 2000 but not the next chief executive will inherit. Page 74



Outsourcing 'gotchas'

Contracts filled with year 2000 surprises

By Julia King
and Thomas Hoffman

ATTENT! WATCH your back. Any one of a fresh crop of dirty little outsourcing secrets could derail your year 2000 project and land your company in court.

First, if you have a contract, check the fine print. More often than not, date fixes aren't included in regular maintenance fees. You'll need to negotiate a separate agreement with your vendor.

And that's if your vendor will even take the job. As the deadline looms closer, some vendors are explicitly excluding year 2000 work or refusing to guarantee the fixes they make.

In other cases, outsourcing reportedly are pulling a bait and switch on contracts that involve hiring a customer's own information technology staffers.

Under that scenario, vendors cherry-pick the most experienced people from the user company and reassign them to other, higher-margin

projects. That leaves the user with even less expertise than it had before signing on with the outsourcing (see related story, page 101).

Needless to say, customers are unhappy with these practices, and some are considering legal action. That could get messy because the existing contract language usually doesn't specifically require vendors to make systems century-ready or spell out that customers must help pay for fixes.

As a result, lawyers and savvy users are urging year 2000 Outsourcing, page 101

Tech skills gap forces HR to bend a little

By Barb Cole-Gomolski

GARY PORTER is a human resources director at United Health Care Corp., but he reports to the CEO.

Porter was moved to the information systems division last November when the company realized that its centralized human resources group wasn't much help to IS in hiring. Today, for the first time in more than two years, virtually all of United Health Care's 2,000 IS positions are filled.

Such reorganizations are more common now that open IS jobs far exceed qualified candidates. With turnover rates on the rise, a tenuous relationship with human resources only makes a bad situation worse, IS managers agreed.

The payoff of improving connections between human resources and IS is that companies can fill jobs faster and spend more time working on programs to keep workers from flying the coop.

Tech skills, page 100

Cable channel gets info edge

By Kim Glend
New York

BEFORE COMEDY CENTRAL's sales force split off from MTV, its customer tracking system was nothing to smile about.

"We had access to nothing,"

said James Walley, vice president of information technology. Typically, salespeople requested account information from MTV — a sister cable channel that competes with Comedy Central for subscribers — which was

Comedy Central, page 100





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For a business that prides itself as much on technology innovation, the computer industry has had a lot of distractions this year. Consider some of the recent major news stories: the government sues Microsoft and Intel; the European Union threatens to block the MCI/WorldCom merger; Internet taxation becomes a congressional debate; the government moves to legislate online privacy standards; the newly deregulated telecommunications industry goes merger mad; and controversy rages over immigration issues. Media that none of this is about technology. It's about finding the proper role for government in what is fast becoming the world's largest industry.

The high-tech industry is uncomfortable with this federal scrutiny. After all, a lot of technology leaders still like to see themselves as garage-shop entrepreneurs trying to make instantly great products. Government should get the hell out, they figure.

That's understandable, even desirable. But highly unlikely. Information technology has become the largest unregulated industry in the world. Visa issues such as the year 2000 problem, cyberstalking, privacy invasion and telephone slamming are reaching into the homes of every American. The computer industry has no analogies to the FDA, NTSB or the FAA. Rules created by those federal agencies and others to regulate their industries often simply don't apply to high tech.

This week, beginning on page 75, Computerworld takes an in-depth look at the government's role in IT, Internet taxation, telecommunications reform, changes to the Uniform Commercial Code and year 2000 liability may directly affect your company's bottom line. If your CEOs aren't asking about them yet, they will be soon. The feds are coming, like it or not. Be ready with the answers.

Paul Gilin, Editor
Internet: paul_gilin@cw.com

THE FIFTH WAVE



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'net bid for ads tests privacy

Deja News develops plan to better target advertising on its Web site

By Sharon Machlis

WEA DISCUSSION hub Deja News (www.dejanews.com) is developing plans to match registered users with detailed information from off-line consumer databases as a way to better target advertising to its users, a company executive said last week.

Few World Wide Web sites have gone public with such plans because many fear a backlash over privacy issues. "It's not talked about a whole lot," said Erica Ruggelini, an analyst at Giga Information Group in Cambridge, Mass.



But, she added, Web sites "are already charging more" if they can offer up more focused groups of consumers by categories such as age and interests.

"We don't know if the reaction will be negative or not," said David Wilson, vice president of marketing at Deja News, Inc. in Austin, Texas. "But that's the direction we're going." He said he expects a system that includes a provision for users to opt out will be in place by year's end.

To address privacy concerns, Deja News will follow guidelines set up by the industry group Truste (www.truste.org) and deal with each user only by reference number; their identities will be kept by a trusted third party, most likely a Big Six accounting firm.

Still, such strategies are viewed with alarm by privacy advocates, who feel that consumers should give specific permission before Web sites start tracking and cross-referencing their behavior.

"Better surveillance does not

make better privacy," said Dave Banisar, staff counsel at the Electronic Privacy Information Center in Washington. "Every survey that's done ... shows that people don't want to become guinea pigs."

TRAFFIC UP, CASH FLAT

Deja News found that though traffic was growing quickly — it now claims 4.5 million users per month — revenue was flat. The site, which indexes, repackages and promotes thousands of Internet discussion groups, underwent a major redesign to become more attractive to sponsors and already has signed up advertisers including American Airlines, Microsoft Corp. and Penttilä Co.

But Wilson said the move to more finely focus ads based on consumer "psychographics" is part of a plan to keep the site both comprehensive and free.

Top Web sites are finding that better-targeted ads are decidedly more lucrative. Tripod, Inc., which offers free home pages to its registered users, doesn't match its users with outside data. But the company already has information on many of them based on registration forms and the contents of their home pages.

Tripod charges twice the rate for demographically targeted ads as for general, "run-of-site" space, yet "we never have enough targeted inventory," said Be Peabody, CEO of the Williamstown, Mass., company. "The minute we get a targeted impression, we can turn it into cash."

Many of those who buy ads say they also are more interested in finding specific groups of consumers on the Web by demographics such as age, income and interests.

"That would be the sole reason why we would court our clients to purchase online advertising," said Brian Mansfield, vice president of interactive production at Foote, Cone & Belding, a San Francisco agency. "The reach online is not as great as what you typically get with a traditional advertising buy ... but you can reach more of your core target." □

Top dogs

Deja News' move to develop finely targeted advertising opportunities comes as Internet advertising revenues are rising: First-quarter figures this year were 27% higher than last year, according to the Internet Advertising Bureau.

Yet money is increasingly concentrated around the top Web sites with the highest amount of traffic.

During a panel discussion at the Business Online conference in San Francisco, for example, J. Crew Group, Inc.'s new media director, Brian Sugar, said the company was planning a "seven-figure" advertising campaign to promote its online site, which now accounts for 5% of the company's overall revenues.

J. Crew officials are talking with top portal sites. Last Christmas season, sales from consumers directed to jcrew.com from America Online "more than doubled our top retail store," Sugar said.

"If you're not Yahoo or AOL, you have to work very, very hard to get in front of [advertising] buyers," said David Wilson, vice president of marketing for Deja News.

— Sharon Machlis



Though much more widely used in Europe than in the U.S., smart cards do a lot of database-access tasks even here.





High-tech improves David Twain explains what teenagers really do online. *Opinion, page 33*

Broadcasting the Italian conflict worldwide is a move this site called Demovine Net, which features news reports from Kosovo and real-time audio broadcasts. *Internet Commerce, page 59*

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Vice President Al Gore discusses the year 2000 hot seat the next chief executive will inherit. 74

IBM adopts freeware Apache Web server

By Carol Shaw

IBM'S ENDORSEMENT of the freely available Apache Group Web server — the most popular on the Internet — will provide an interesting option for corporations reluctant to use informally supported software.

Industry observers view the IBM plan as a smart move. But no one expects defections from the legions of corporate users who have already installed Netscape Communications Corp. and Microsoft Corp. World Wide Web server products — despite the allure of owning Apache's server source code.

"We have a fairly large investment in Netscape — not only code but the expertise," said John Swartzendruber, manager of enterprise architecture at Eli Lilly & Co. in Indianapolis. "The fact that IBM supports Apache probably wouldn't tip the balance in Apache's favor."

"I think it's great, as long as IBM doesn't take control of Apache," said Edward Bianchi, chief information officer at Lowell General Hospital in Lowell, Mass. "But right now, I'm a big Microsoft shop, so it's hard for me to use it."

Because Microsoft's Internet Information Server comes bundled free with its Windows NT operating system, it has been the easiest option for many customers. But IBM customers may be more inclined to consider the Apache server.

For instance, McDonald's Corp. in Oak Brook, Ill., has been using Lotus Development Corp.'s Domino server, but the company plans to check out other products as it rethinks its "stick with one platform" strategy. "Apache could be in the running," said Aaron Wiltz, a technical analyst at McDonald's. "It'll be more seriously looked at because IBM will definitely be putting the support that they put behind all of their products."

IBM is making both Apache and its Domino Go Web servers available as part of its new Web-

Internet server market share



Source: June 1998 survey of 2,205 million distinct Web addresses.

Source: Internet Web Server Survey (www.internetsurvey.com)

Sphere Application Server, but the product also will support Netscape and Microsoft Web servers.

IBM plans to offer support for the Apache server only for customers who purchase the WebSphere product, said IBM program director Nigel Beck. But, if the market dictates that IBM provide support for the Apache server to non-WebSphere customers,

the company might consider it, Beck said.

Of course, customers could buy the WebSphere Application Server for \$795 to get support for Apache, even if they don't use WebSphere.

IBM plans to participate in the Apache Project in the same way other developers do: redistributing bug fixes and improvements to the informal group of programmers who developed and maintain the Apache software, Beck said.

IBM won't produce a "unique IBM version of Apache," Beck added, although it plans to add security features that Apache is prohibited from adding because of export controls.

Other companies have made similar additions, including CAI Systems, Inc. in Oakland, Calif., and Coolant Technologies, Inc. in Lincoln, Neb. □

IBM's blessing of Apache bodes well for corporate users. See editorial, page 32.

Eli Lilly's John Swartzendruber says his firm has a "large investment in Netscape"



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Fast software rollouts keep users jumping

R/3 blueprints save time but rush decisions

By Craig Stedman

RAPID DEPLOYMENT schemes put together by SAP AG and other enterprise application vendors can help streamline the notoriously thorny process of installing the software.

But users are finding that the fast-path methodologies best fit companies that want to slap packaged applications in place without making many changes to either the software or the way they do business.

And the compressed installation schedules can mean long hours and high levels of stress for business and technology managers who have to make configuration decisions with machine-gun rapidity.

Deane Strong, information management manager at a medical devices maker in the Northeast, said SAP's Accelerated SAP (ASAP) program helped his company install R/3 in just five months — and stay under its budget.

"It's a way of taking this big, unstructured and frightening process and breaking it down into a manageable thing that can be done quickly," said Strong, who asked that his company not be named.

NOT ENOUGH TIME

But fast doesn't mean easy. Strong and his staff still had to deal with all the complexity of R/3, and decisions on how to set up the software were "flying by fast and furiously," he said. And there wasn't time to make business process changes or deal with reporting needs up front.

Snap-On, Inc., a tool maker in Kenosha, Wis., hopes that The Baan Co.'s rapid deployment methodology will help accelerate a planned 1999 upgrade to the Dutch vendor's next software release.

But that depends on the project team's ability to persuade users to give up software alterations made when Snap-On first installed Baan's applica-

FULL SPEED AHEAD?

Users of rapid deployment methodologies from SAP and other vendors should:

- **Schedule training early**
- **Assign key business managers to their project teams**
- **Give the teams authority to make their own decisions**
- **Put off major business re-engineering until later**
- **Watch that pressure and stress don't erode morale**

tions, said project director Ed Roe. "We did more than our share of modifications, and we have to decide whether those are really necessary anymore," he said.

ASAP and rival approaches give users step-by-step blueprints, templates and other guidelines for hurrying through a software installation. The schemes began to appear last year and are gaining in use: SAP officials said about 75 users have finished ASAP-based R/3 rollouts, and another 200-plus are in the works.

A report released last week by Aberdeen Group, Inc. in Boston said 14 of 15 ASAP users it surveyed plan to use the methodology again. But the report added that ASAP "is not for the faint of heart" because of the pressure it puts on users to make important decisions so quickly.

Jill Wagner, ASAP product manager at SAP, said the German company this summer will test technology that points users to the R/3 tables relevant to their businesses instead of making them look through all 9,000 tables. By year's end,

SAP also plans to release a version of ASAP for global R/3 rollouts, she said.

But ASAP will still be aimed at users who want to install R/3 first and worry about changing the software or their companies later, Wagner said.

Lyle Smith, director of global business resources information systems at PPG Industries, Inc. in Pittsburgh, said the \$7.4 billion glass maker's ongoing rollout of Oracle Corp.'s human resources software to 88 sites is much too complex for a rapid deployment approach.

"With a large company like ours, you can't just take something out of the wrapper and implement it," Smith said. For example, PPG has to configure the software to support different training policies at each of its 38 plants, he said. □

MORE ONLINE

For articles and resources on ERP, visit Computerworld.com.

www.computerworld.com/erp

Just-in-time technology put the brakes on GM line productivity

Worker strike closed 26 plants, could slow technology spending

By Bob Wallace

WHAT'S GOOD for General Motors now has the company on its knees.

Just-in-time (JIT) manufacturing — a popular high-tech practice with most automakers today — turned out to be an effective tool in the arsenal of striking workers at two General Motors Corp. parts plants in Flint, Mich., earlier this month.

Once the company began to run out of parts, GM started idling plants until the bulk of them were closed.

When an automaker adopts high-tech JIT inventory practices, there is no "Plan B," industry analysts said last week. JIT manufacturing is intended to save money and boost production efficiency by keeping just a few hours' or days' supply of parts on hand.

By striking, the United Auto

Workers set off a chain reaction that saw 26 of 39 North American plants closed, more than 140,000 workers laid off and estimated losses of top hundreds of millions of dollars.

If the strike continues, GM's technology spending could be slowed as well. "I don't think

we've delayed any JIT spending [because of the strike] yet, but I can't say we won't ever," said a spokesman for the automaker's information systems group. GM is trying to cut costs as the strike drags on, he added.

GM's information technology budget is \$4 billion annually.

Most U.S. automakers adopted JIT manufacturing practices to compete with foreign rivals, so it isn't a GM-specific problem.

Yet GM said that, upon re-fection, it will stick with JIT.

"The benefits far outweigh the disadvantages," said GM spokesman Alan Adler. "JIT is an ingrained part of what we do. For example, we only keep a four-hour supply of seats on hand. When you have a disruption, the backup is almost immediate. But we're committed to JIT — warts and all."

"What GM can't afford to do is go back to a bloated parts supply inventory just to protect against a strike," said Tony Frisica, president of AMR Research, Inc., a manufacturing research and consulting firm in Boston. "And stockpiling parts in anticipation of a strike isn't a solution."

GM saved hundreds of millions of dollars with JIT, analysts estimated.

UAW STRATEGY

The UAW may have hand-picked the two Flint parts plants to strike as part of a strategic plan. "It was probably a factor, but I think the original driver was local issues," said Hal Stack, director of the Labor Studies Center at Wayne State

University in Detroit. "GM has other plants that make different components where a strike would also do serious damage."

UAW spokespeople didn't return multiple telephone calls last week.

GM couldn't have stockpiled enough parts to keep the plants running during a lengthy strike, Adler said. The company spends \$70 billion annually on parts from more than 30,000 suppliers, though one, Delphi, accounts for about 65% of that business, he added.

Analysts said GM should work more on labor relations as the solution.

"GM needs to realize that people are as important as raw materials," said Richard Hemmerson, an auto analyst at the Pershing division of Donaldson, Lufkin & Jenrette, Inc. in Jersey City, N.J. "What you want is happy employees because they don't strike." □

Some manufacturers are turning to low-and-planing products. Page 50

MORE ONLINE

For resources on just-in-time manufacturing, visit Computerworld.com.

www.computerworld.com/jit



General Motors' workers man the picket lines. The strike has demonstrated the parts of just-in-time manufacturing processes, which most automakers have adopted.

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Y2K worries rise for consumers

By Matt Hamblen

IN THE FIRST-EVER public opinion poll on the topic, 41% of the U.S. adults surveyed said they believe year 2000-related failures could cause some disruption in their lives, from mistakes in their financial records to losing their jobs (see chart).

That number is regarded as a high level of worry, considering the modest amount of general press coverage given to the issue, said Harris Miller, president of the Information Technology Association of America in Arlington, Va., which commissioned the poll.

On a global level, Ahmad Kamal, Pakistan's representative to the United Nations, said he will present a resolution to the U.N. this week that requires member states to explain by August what actions they are taking to

combat the millennium bug. Kamal's resolution also calls for creating a year 2000 trust fund to allow the World Bank to distribute financial aid to countries that need help.

Kamal joined other speakers and attendees at the World Congress on Information Technology in Fairfax, Va., in urging world leaders to sound an alarm on year 2000 — especially in push small businesses to fix their systems or have contingency plans.

Kamal said software vendors, government leaders and consumers are all to blame for the late start in fixing year 2000 problems. "We all stand guilty before Y2K," he said.

Meanwhile, the year 2000 glitch has become a hot political issue in the U.S.

Republican presidential hopeful Steve Forbes, addressing the

1,500 attendees at the World Congress, chided Vice President Albert Gore Jr. for not speaking on year 2000. "Mr. Vice President, you're the administration's technology point man," Forbes said. "What have you been

doing for the past five years?"

But Gore did address year 2000 for the first time in a televised satellite address to the World Congress Wednesday afternoon.

Gore urged businesses to work with suppliers to make sure the year 2000 problem is solved. He recited what the Clinton administration is doing,

including the creation of the President's Year 2000 Conversion Council to guide private and government compliance. "Virtually every large and small business, every contractor and supplier has a stake in meeting this challenge," Gore said. "Let's do it now, so American business doesn't miss a beat when we reach the millennium." □

Tech gap could lead to class conflicts

By Matt Hamblen
FAIRFAX, VA.

THE INFORMATION TECHNOLOGY gap between industrialized and undeveloped countries could eventually trigger class struggles and mass protests, former Soviet President Mikhail Gorbachev warned in a speech here last week.

The chasm between the IT haves and have-nots was the central theme of the 1998 World Congress on Information Technology here, attended by 1,500 representatives of 90 countries.

COLONIALISM

In an address, Gorbachev said Third World intellectuals believe this gap is a form of Western expansionism or "electronic colonialism."

"As a politician and policymaker with some experience, I would not recommend that you dismiss such concerns," Gorbachev warned through an in-

terpreter. "Those of you who work in transnational companies certainly know that this gap carries a tremendous potential for conflict," he said.

In response, Michael Dell, chairman of Dell Computer Corp. in Round Rock, Texas, told reporters his company "feels a lot of responsibility to lower the cost of technology and provide it around the world." But he said there are limits: "We are capitalists."

"The only way to get prices down [worldwide] is competition," added Oracle Corp. Chairman Larry Ellison.

Acet Corp. Chairman Stan Shih announced plans for production of the Acer KC-8, a \$400 computer that the Taiwan-based vendor hopes to sell in markets such as China.

But Dell said people in devel-



oping countries don't seem to want a \$400 computer. "When I go to China, they want Pentium III," he said.

The biggest obstacle to global Internet access is the deficient telecommunications infrastructure in Third World countries, several analysts said.

In some African and Asian nations, there is only one telephone line for every 1,000 homes, compared with nearly one for every home in the U.S., said Jeffrey Sachs, director of the Harvard Institution for International Development in Washington. □

Of those who expect year 2000 problems, percentages who anticipate:

Distorted personal financial records	80%
Business losses	72%
Significant telephone disruptions	69%
Power outages	64%
Loss of jobs	56%
Product or service shortages	42%

Source: The 23% of 1,000 respondents who believe year 2000 failure will cause disruptions

Source: Information Technology Association of America, Arlington, Va.

Amdahl attacks mainframe software costs

► Technology offers new options for licensing

By Jaikumar Vijayan

CALL IT THE LATEST attempt to help users hammer down the historically high costs of mainframe software licenses.

Amdahl Corp. last week announced technology that gives corporations a way to upgrade mainframes — or consolidate applications on them — without incurring huge software license cost increases.

The Sunnyvale, Calif., vendor is addressing an issue that has long been a corporate nightmare: how to keep software licensing and maintenance costs in line while hardware prices continue to fall.

The firm has plummeted from more than \$500,000 per MIPS in 1990 to around \$6,000 per MIPS today, ac-

cording to Meta Group, Inc. in Boston.

Yet software prices have continued to climb steadily and today can represent up to 90% of overall data center costs, said John Webster, an analyst at The Yankee Group in Boston.

SLOW DOWN

When it comes to tackling licensing, the consensus is, "Things overall are still moving at a snail's pace," said Roland Alonah, a senior information technology asset analyst at the Student Loan Marketing Association in Reston, Va.

In certain application environments, Amdahl's Multiple Server Feature (MSF) option could help firms knock off 40% to 30% from their annual software costs, Webster said.

The management software lets users and vendors create a system-within-a-system.

Customers who consolidate four applications on an Amdahl Millennium 7000 mainframe, for example, will be able to partition the system into four uniquely identifiable servers. Users would then be charged software fees only for the portion of the mainframe on which the software is running.

Amdahl's MSF will particularly benefit users who want to upgrade their systems or consolidate applications in a single large mainframe for performance, cost, management and space-saving reasons.

Doing either usually entails a sharp increase in software costs. Vendors typically charge license fees based on the overall capacity of a system. So a company moving an application

from a small Unix server to IBM's S/390 mainframe would get slapped with a steep fee increase simply because the S/390's overall capacity is far greater than the Unix server.

One real-life example comes from a large Midwestern pharmaceutical company, which spent \$2.5 million last year on upgrading a 204 MIPS Amdahl Millennium mainframe to a 460-MIPS system.

Though all software running on the old system was moved to the new one, the upgrade was made mainly to accommodate a single, fast-growing application. But because the new system is bigger, license costs shot up for all the software running on it. As a result, the company estimated it will end up spending an additional \$5 million on software in the next few years.

Amdahl's MSF plan differs in approach from the usage-based pricing models that a number of others advocate, including large system user groups such

as Guide International Corp. and organizations such as the Open Group and vendors such as IBM and Isogen Corp.

With usage-based pricing, users pay for software based on its use — instead of the system capacity. Acceptance has been slow because of lack of reliable tools that track software usage.

CLOSEST TO AN IDEAL

But some asset management tools — such as Isogen's Soft-Audit — have integrated software metering capabilities that "help us clearly articulate to vendors how much we are using a particular product and what we think a fair price ought to be" based on that usage, said Kevin Berry, a senior contract analyst at Norwest Service, Inc. in Minneapolis.

Such efforts are bringing users "to the point where you can more closely correlate the value you are getting from software to the price you are paying for it." □

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Users face high cost for guaranteed uptime

By Jankumar Vijayan

A slow or fast-growing applications such as enterprise resource planning and electronic commerce are forcing information systems departments to pro-

vide ever higher levels of system and application availability.

Tapping in to the opportunity are several vendors with offerings aimed at letting companies do just that. But implementing some of those technologies

could be expensive, users cautioned.

Last week Hewlett-Packard Co. announced new partnerships and technologies in its campaign to deliver 99.95% guaranteed uptime to corporations on all the servers, networks and databases

the company supports.

On the network side, for example, HP is partnering with Cisco Systems, Inc. to guarantee HP customers less than five hours of unplanned network downtime per year. Similarly, HP and EMC Corp. have teamed to deliver a technology that lets users cluster systems up to 40 kilometers apart in a high-availability configuration.

Such technologies are important because "application uptime is a very crucial issue for us," said David Krauthamer, director of information technology at Advanced Fiber Communications (AFC), a Petaluma, Calif.-based telecommunications equipment maker.

ALWAYS UP

AFC spent the past six months putting in place a high-availability environment that includes redundant HP 9000 Unix database servers, clustered application servers, RAID arrays, mirrored storage devices and a long-distance fail-over capability to guarantee that the company's systems are available 24 hours per day, six days per week.

HP isn't alone in offering such technologies.

On the Unix side, firms such as Compaq Computer Corp. (through its acquisition of Digital Equipment Corp.) and NCR Corp. have similar technologies.

On the Windows NT side, vendors such as Microsoft Corp. with its Wolf-pack clustering and Compaq with its fault-tolerant technologies from Tandem Computer Systems, Inc. are also vying for a piece of the high-availability pie.

While the appeal — and need — for such technologies is very high, so is the cost of implementing them, said the information technology director of a Seattle-based manufacturing company who asked not to be identified.

COST INCREASES

The company's systems are available roughly 99.3% of the time every year. It is trying to nudge that figure up to get even better reliability, but "every point above 99% becomes exponentially more costly to achieve," he said. Moving up from 99.3% to 99.5%, for instance, will mean investing in at least 300G bytes of additional storage from the existing 300G bytes and moving from RAID storage arrays to mirrored devices.

Another problem is that "all these announcements don't amount to much unless users actually implement the technologies and get to see how they work," said John Williams, MIS manager at Priority Pharmacy, Inc., a mail-order pharmacy in San Diego.

The company needs its systems continuously for 17 hours per day, five days per week. For now, it relies on technologies such as off-the-shelf storage disks with 1 million hours of mean time between failures and redundant power systems to build in the reliability it needs.

"There are many small vendors out there with very reliable equipment we can use. So we don't have to go to any of the big vendors" and pay a premium for the technology, Williams said. □

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FRANKLY SPEAKING

A little trust

FRANK HAYES

GOOD NEWS: You can stop worrying about the high cost of all those year 2000 fixes. The supermarket tabloid *Weekly World News* says the final battle of Armageddon will start on June 30, 1999 — six months before most companies will feel the full impact of 1999 turning into 2000.

That battle, and the resulting nuclear war, will wipe out all of humankind — along with any need to correct your millennial software problems.

What's that? You don't trust what a supermarket tabloid — whose editors also claim that space aliens are urging Rush Limbaugh to run for president — has to say about the millennium?

Then why do you trust what your business partners claim about their year 2000 readiness? Especially when most

companies aren't willing to tell the truth about their year 2000 situation — even when they're required to do so by law.

Earlier this month, Laura S. Unger, commissioner of the Securities and Exchange Commission, told a Senate subcommittee that publicly held companies simply aren't coming clean on their year 2000 plans, costs and risks.



No organization hides its year 2000 situation because it's under control.

The SEC requires that information in quarterly 10-Q and annual 10-K filings. But now companies claim either that they don't know or can't risk publicly discussing their year 2000 situations. As if the prospect of a company that

could tank because it isn't year 2000-ready — and take its suppliers and customers down with it — isn't risky enough.

Let's face it: No organization hides its year 2000 situation because the problem is under control. Companies waffling or "misinterpreting" SEC disclosure requirements — heck, let's call it what it is, lying — are doing so because they know they're in deep trouble. And if they're hiding the truth from the SEC, you can bet they're also lying to business partners like you.

Unger says that within a couple of months the agency will issue new, tighter guidelines that make it clear that year 2000 information isn't optional. That means we'll start getting meaningful information... oh, around the beginning of next year. And that's assuming the liars don't find some new loopholes to dodge the requirements again.

In the meantime, there is a way — a fairly simple way — to find out how trustworthy your business partners are.

Set up a joint test with each of them. Run transactions dated, say, July 4, 2000, through your systems to theirs

and back again. See what happens. If the transactions fall apart on their end, you'll know you can't trust their systems. Of course, if they fall apart on yours, they'll know the same thing about your systems. If that makes you squirm, don't worry. Chances are, if you run that test now, it'll fall on both sides.

But you can turn that failure into the beginning of some real trust. When you both know each of you is year 2000-unready, you can work together. Coordinate your efforts — and cut the same corners — and you have a prayer of pushing that test 18 months from now. Will your CEO panic and your legal department have a fit at that kind of kimono-opening? Then let them draw up the nondisclosure agreements. When they balk, point out that the risk of not knowing your partners' year 2000 flaws is far greater than the risk of letting them see yours.

And remind them that it won't be the end of the world if you trust your business partners. But if you don't — and your business connections start to fail when midnight strikes on Dec. 31, 1999 — you may feel as if you're in the middle of Armageddon after all. □

Hayes is Computerworld's staff columnist. His Internet address is frank_hayes@cw.com.

SHORTS

Spiegel loses order system

Spiegel, Inc. lost its order-entry system for a day early this month because of "human error" by EMC Corp. technicians moving Spiegel data to new storage devices, a spokeswoman for the Westmont, IL-based retailer confirmed. Sales agents took incoming orders with pen and paper June 7, while Spiegel's IS team worked to restore the system. It took five days to fully restore from off-site backup tapes, but an order or customer data were lost. A rumor that Spiegel threatened to sue EMC over the incident isn't true, she added.

Airline grounds Web site...

American Airlines added personalized features to its Web site last week but had to go back to the homepage when it drew more visitors than expected. The Dallas-based airline was forced to take the site off-line for most of the first day to reconfigure the hardware so that it could better handle the traffic volume, which it declined to estimate. The site added features that let the airline's 1.1 million frequent flyers look up their accounts, get targeted discounts for clients they frequent, make reservations and get special fares. American's sales reservation system had problems, too.

...but flies with Windows 98

On the desktop side, American Airlines may be one of the first companies to back up some observers' theories that Windows 98 could turn out to be a corporate success. The airline plans to upgrade thousands of PCs, most of them now running Windows 95, to Windows 98 later this year. Microsoft is pushing Windows NT rather than Windows 98 for the corporate market, but Windows NT requires newer hardware and more training and doesn't support 16-bit applications.

Microsoft hit with bug lawsuit

Microsoft Corp. was hit with a class action lawsuit last week in which it was accused of fraudulently misrepresenting the features of Windows 3.1, Windows 95 and Windows NT. The products contain many "vices and defects" because of inadequate testing, according to the suit, which was filed in Louisiana. The plaintiffs in the suit seek compensatory, exemplary and punitive damages. All Microsoft products are tested for "thousands of hours" before they ship, a Microsoft spokesman said.

GOP whacks year 2000 funds

The House Rules Committee last week cut more than \$1 billion from an emergency reserve for government year 2000 projects, even though many Republicans in the GOP-controlled House have begun the most critical of federal preparations. The Senate Appropriations Committee had recommended funding. House members voting for the cut said they were worried about balancing the federal budget but are sympathetic with year 2000 needs.

High-tech layoffs continue

Corad Corp. will cut more than 340 jobs as it consolidates its Orem, Utah, research and development facility with operations in Ottawa and Dublin, Ireland. The move, designed to prod the company's expected return to profitability, will save Corad \$55 million a year, executives said. Corad lost \$8.5 million on sales of \$64 million during the second quarter of this year. And citing slow end-user sales of its PC software, Quarterdeck Corp. in Marina Del Rey, Calif., last week said it will cut its staff, though it declined to say where or by how much.

Microsoft's new temp policy

Starting this week, Microsoft will require temporary workers to leave the company for 31 days after they complete an assignment of a year or more. A Microsoft spokesman said the move was designed to clarify the company's relationship with temps and is common practice among firms that rely on contract workers. In the past, Microsoft was used by long-term contract workers who were then left to participate in the company's 401(k) retirement savings plan and buy Microsoft stock at a discount.

House eyes women in high tech

The House of Representatives last week passed the Women in Science Engineering and Technology Development Act. The bill now goes before the Senate Education and Workforce Committee. If it passes, it would allocate \$750,000 to study the barriers women face in entering high-technology fields. A 1997 survey by the U.S. Department of Education, released this spring, shows that women account for only 25% of all computer science degrees, down from 27% in 1996.

SHORT TAKES Dell Computer Corp. is expected this week to announce an enterprise management strategy for its desktops and servers. The company would be following closely on the heels of a recent IBM announcement for desktop and server management.

... The U.S. House of Representatives has approved a proposal to impose a three-year moratorium on new state and local Internet taxes; it now heads to the U.S. Senate. ... House Speaker Hastert Gingrich, (R-Ga.) last week created a task force to address the year 2000 problem; it will serve as the House's counterpart to the Senate Special Committee on Year 2000.

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WINTEL'S WINS AND LOSSES

Intel's days in court

► Chip maker battles Intergraph, FTC suits

By April Jacobs

INTEL CORP.'s legal team last week was hard at work, shutting between motions filed in two lawsuits.

In a civil case filed by Huntsville, Ala.-based Intergraph Corp., a federal judge refused to lift a preliminary injunction and set an October hearing for Intel's request for a summary judgment.

Separately, the chip giant also asked the Federal Trade Commission to clarify its charges, which allege that Intel uses its monopolistic status to harm its rivals. Both cases essentially accuse Intel of using its monopoly status to play hardball with rivals and users.

The judge in the Intergraph case cited monopolistic behavior in his decision to issue a preliminary injunction against Intel. The injunction essentially forces the company to continue sharing information with Intergraph. A hearing on the summary judgment issue is slated for October. A trial date already has been set for Feb. 14, 2000.

Joe Sims, an antitrust attorney, said the judge's failure to lift the preliminary injunction against Intel may exert some pressure on Intergraph to opt for a settlement. Intel's request to have the FTC clarify its case is more a move to "smoke them out" and may be an effort to limit the scope of the issues pursued, he said. □

Windows 98 hits the streets

Avoid much fanfare and hype — with private, black parties and giveaways at computer stores — Microsoft Corp. last week rolled out Windows 98, its upgrade to the Windows 95 operating system. Windows 98's most heavily touted features include faster application load times, support for new technology such as Universal Serial Bus and an embedded Internet Explorer browser. Announcement highlights included the following:

■ At the actual unveiling in San Francisco, Microsoft Chairman and CEO Bill Gates said he expects Windows 98 to help fuel the consumer Internet market by virtue of its embedded Internet Explorer browser. He predicted that 60% of U.S. homes will have computers by 2001 and that 95% of those will be Internet-connected.

■ Microsoft officials said 100,000 copies of Windows 98 were ordered before the product shipped. That figure would make it the top seller if it were matched on a monthly basis. Original equipment manufacturers plan to unit sell July to offer corporate desktops equipped with the new operating system, and many will offer Windows 95 as an option for at least another year.

— April Jacobs

Microsoft wins small, potentially crucial victory in antitrust suit

By Kim S. Nash

TWO DAYS BEFORE the official launch of Windows 98, Microsoft Corp. won a round in its continuing battle with government lawyers. The victory wasn't part of the antitrust case the U.S. filed in May, but it could change how that case

plays out, legal experts said.

A U.S. District Court of Appeals last week said a lower court judge made a handful of substantive and procedural mistakes, one of which was forcing Microsoft to let PC makers remove its browser icon from Windows 95. That order, which was in the government's first,

more narrow case against Microsoft, was reversed last week. Two of the three judges on the appeals court also created a test that found that Windows 95 and Internet Explorer are one, integrated product (see story at left). A third judge dissented, saying a decision about the integration question could be made only after hearing more evidence from both sides.

Last Tuesday's ruling was in a narrow suit filed last fall that charged Microsoft with violating its 1994 consent decree with the government by bundling its browser with Windows 95. But the decision will also affect how Microsoft and the U.S. fight their larger antitrust case in September, legal experts said.

"I won't say it's a fatal blow, but it's a major, major blow to the [government's] antitrust case," said Robert Lande, an antitrust law professor at the University of Baltimore in Maryland.

That's because the question of whether Microsoft can legally meld its browser into the Windows operating system is a key part of the antitrust suits filed in May by the U.S. Department of Justice and 20 states, Lande said.

"The court is saying the con-

WHAT THE RULING SAYS

Last week's decision focused on the smaller consent decree suit against Microsoft, not the larger antitrust suit filed last month.



■ Windows 95 and Internet Explorer are one, integrated product

■ Microsoft no longer has to allow PC makers to remove the Explorer icon from Windows 95 screens

■ Lawrence Lessig, the Harvard special master appointed to study the technology issues in the case, is out

sent decree permits Windows 95/Internet Explorer as a legitimate product. So if you can do it in Windows 95, why not Windows 98? That's a pretty telling argument," said Terry Moritz, a litigation lawyer at Goldberg Kohn Bell Black Rosenbloom and Moritz in Chicago.

STILL CONSIDERIT

The Justice Department said in a statement that it is "disappointed" about the ruling and is "reviewing the opinion to assess our options." But it remains confident in its antitrust case, the statement said.

No settlement talks are under way in either case, Assistant U.S. Attorney General Joel Klein later told reporters.

What happens next in the consent decree case depends on the government. It can appeal the appeals court ruling to the U.S. Supreme Court or let it lie as Justice focuses on its bigger battle against Microsoft. That trial is slated to start Sept. 8.

The appeals court also dis-

missed Harvard University Professor Lawrence Lessig, the special master appointed to advise the judge on the technology issues in the case. The court didn't say he was biased, as Microsoft claimed, but simply unnecessary.

Microsoft seized on the ruling. "This is a great day for consumers and a great day for everyone who cares about the future of the high-tech industry," said Bob Herbold, Microsoft's chief operating officer. But the decision may not be the gift to Microsoft it appears to be, said Eleanor Fox, an antitrust law professor at New York University in New York.

It is one opinion in a narrow case, Fox said. By contrast, the Justice Department, in its larger case, has charged Microsoft with a pattern of anticompetitive behavior devised to "frustrate" user choice, she said. "The government is settling about making a case that Microsoft wanted to squeeze out Netscape," she added. □

The 'integration' test

A U.S. Circuit Court of Appeals last week created a test to assess whether a product is integrated. Microsoft bowed the test, but some legal experts criticized it as simplistic.

The court said a product is integrated if it was previously separately marketed, or if it is "inextricably intertwined" with another product. It also said that the product must be "inextricably intertwined" with another product.

Integration is more than a "bolt of two products together," the court said. "An integrated product 'must be better in some respect' than the two parts."

Microsoft's Windows 95, however, said Windows, said a "practical and sensible" test of integration is whether the product is "inextricably intertwined" with another product.

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The court's decision is a test to assess whether a product is integrated. Microsoft bowed the test, but some legal experts criticized it as simplistic.

— Kim S. Nash



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Slow acceptance for V.90

► Users not upgrading 56K modems, so vendors play waiting game

By Kim Garrod

FOUR MONTHS AFTER the V.90 modem standard was tentatively approved, corporate users are still tacking on upgrades and some are saying "no thanks."

With last year's conflicts among modem vendors finally quelled, "there was a feeling that once [the V.90] standard was set, problems would go away," said Abner Germano, an analyst at International Data Corp. in Framingham, Mass. But that hasn't happened. Instead, Internet service providers struggle to gauge how quickly they should upgrade their own equipment to V.90. They are trying to keep pace with customers who are winging their hands over how to upgrade and what to buy.

John Mizumick, manager of technology development at Siemens Energy and Automation in Atlanta, said he would prefer to skip the 56K upgrade for his 1,000 remote users.

"The question is: Can we jump to ADSL and cable?" he said. "Then V.90 becomes obsolete before it's standardized." Asymmetric Digital Subscriber Line provides high-speed (8M bit/sec.) access over telephone lines by using digital coding.

V.90 enables modems made by 3Com Corp. to interoperate with Rockwell International Corp.'s and Lucent Technol-

MODEM UPGRADE FACTS

► Most modem manufacturers offer free upgrades to the V.90 standard for users with 56K bit/sec. modems using 3Com's X2 (Carnegie, Logic, Hitech) or Rockwell/Lucent's IC56Plus (Hayes, Motorola, Microcom, Multiflex) technologies.

► Some 33.3K bit/sec. modems can be upgraded to 56K bit/sec. for a fee.

► For a list of manufacturers' 56K information pages, go to www.cable.com/~vmodem/themanager.

gies' K56flex technology. Although most Internet providers won't run V.90 code until late summer or fall, UUNET Technologies, Inc. last week said it is upgrading 700 points of presence to the standard.

But to access the V.90 standard, users need to upgrade existing modems. That may mean a wait, and in some cases, the modems can't be upgraded.

UPGRADES MAY BE ANSWER

According to Dataquest, about 54% of users in North America have upgraded to 56K up from 11.9% last year. Upgrading promises faster access to the Internet — up to 51K bit/sec. The majority of users, on average, will only squeeze out speeds "in the low 40s," said Dataquest analyst Lisa Pelgrim.

Modems are controlled by two types of memory chips. Flash memory can be updated using a simple software download that is cheaper but can't be upgraded unless the hardware is switched. Many K56flex modems lack the memory to be upgraded, and analysts said there have been other headaches, also. Soon after 3Com began shipping V.90 modems, for example, bugs were found that left those modems unable to connect in X2 mode.

Yet upgrades for some modems won't be available for several months, according to vendors. Though 56K modems were first rolled out in March of last year, a final V.90 interoperability standard won't be ratified until at least September.

Some vendors, including Dell Computer Corp., are telling customers that the 3Com upgrades currently available might not work with all modems installed in Dell PCs.

The confusion makes it difficult for information technology managers to track upgrade dates, so some simply let users do the download or invest in 56K modems themselves.

"Corporations are slow to adapt when there are proprietary standards," Germano said. "Modem pools are a big investment."

That's one investment State Farm Insurance in Bloomington, Ill., isn't ready to make. "I'm guessing there are people in our organization trying to get to Internet sites, and they are probably wishing we had 56K, but I haven't heard from them," said Craig King, network services manager at State Farm, which has 5,000 remote users. The company is investing more money in its servers for now, he said. □

Storage snafu grounds Sabre for three hours

By Kim Garrod

TRAVEL SYSTEMS GIANT The Sabre Group may consider replacing part of its high-end IBM data storage system because of last week's three-hour outage, which delayed flights and froze reservations nationwide.

The system crashed at 6:34 a.m. Wednesday, leaving travel agents and airlines without access to the widely used Sabre airline reservation system.

"This is the lifeblood — our system," said Jennifer Hudson, a spokeswoman for The Sabre Group in Fort Worth, Texas.

Hudson said, for reasons not yet known, a circuit breaker tripped at Sabre's data center, which is located underground at the Tulsa, Okla., airport.

That cut the power to a high-end IBM Ramac disk system

and crashed the network.

Despite "double and triple" redundancy throughout the network, the IBM storage system failed to switch over to another power feed, Hudson said.

CONSIDERING A SWITCH

"We thought it would move to a different power source, and that didn't happen, so we're looking at other vendors," she said.

But Chris Saul, an IBM enterprise systems consultant, said it is more likely that Sabre's uninterruptible power supply failed — not the IBM Ramac system.

About 50 Sabre customers — including American Airlines, Midwest, Pacific Air and Air Canada — were affected by the outage, along with travel agents in more than 40,000 locations. □

Module helps users in busy modem pool

By Patrick Dryden

CUSTOMERS AND USERS get hot when they can't get in the pool — the modem pool, that is.

Busy signals, crowded communications servers and modem glitches are more than tech issues for information systems groups. They mean lost sales and missed deadlines.

To help both IS and business managers detect such problems, Concord Communications, Inc. in Marlboro, Mass., will offer a new option this week for its Network Health performance analysis and reporting software.

NEW INFORMATION

Beta testers of the remote access module for the popular monitoring tool said it revealed usage trends, connection problems and other information they previously didn't have.

Concord's remote access module profiled daily use of each communications server for the first time, said Bob Thibodeau, network systems administrator at Crane Edeco Corp., a Seattle-based aerospace engineering firm.

Understanding actual capacity needs "allowed us to change our dial-up strategy, preventing an upgrade," Thibodeau said. "We can trade in two main [communications] servers for one faster model."

For service provider Frontier Communication Corp., the new module "let us predict overloading for modem pools and spot one modem out of thousands that is going bad," said Mike Butler, a network analyst for the Rochester, N.Y.-based company.

"We must have open lines, healthy modems and available network connections so our customers don't [go to] competitors."

— Mike Butler
Frontier Communications

"We must have open lines, healthy modems and available network connections so our customers don't [go to] competitors," Butler said. The remote access module costs \$6,000 for the Unix or Windows NT version.

And it requires the Network Health server, which costs \$10,000. □

MORE NEWS

For information on 56K and other modems and the V.90 standard, visit Computerworld.com.

www.computerworld.com/news

LCD shortage expected soon

A SALES SLUMP in the worldwide notebook PC market should offset an LCD screen shortage expected by year's end.

Recently revised expectations for this year's worldwide notebook sales show a stable drop from the 18% growth predicted in May to a more likely 11% or 12% for the year, according to International Data Corp. in Framingham, Mass.

That notebook sales slump,

which is driven by the Asian financial crisis, is expected to dampen the impact of the LCD panel shortage that is expected as manufacturers make the transition from 12.1-in. to 13.3- and 14.1-in. displays, said Randall Giusto, an analyst at the Framingham, Mass., consultancy. "If the economic problems in Asia improved, the problem would be bigger," he said.

Companies may feel the

pinch if they are planning large purchases from top-tier vendors, he said.

Because most corporations aren't investing in major notebook upgrades until 2000, when Windows NT 5.0 is scheduled to be released, Giusto said he expects the impact will be minimal.

In the meantime, notebook makers are considering alternatives to LCD panels, including lighter plastic-based screens, which aren't yet ready for use.

—Kim Garrod

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Nasdaq's Alfred R. Bershteyn III: "If we don't make [the Web] our friend, it becomes our enemy"

Stock markets: no rush to Web

By Thomas Hoffman
New York

FOR A PUBLIC can buy and sell stocks over the Internet. But when will the major stock exchanges begin to process trades over the 'net?

The answers are "now" and "no time soon" depending on whom you ask.

Securities industry executives last week clashed over that topic during a panel discussion here at the annual Securities Industry Association (SIA) Technology Management Exhibit & Conference.

The Nasdaq Stock Market currently handles a small portion of its daily trading volume over the World Wide Web. Handling orders over the Web "is the right structure," said Alfred R. Bershteyn III, president of the Washington-based electronic market.

RESISTANCE

Nasdaq's chief rival — the New York Stock Exchange — doesn't process orders via the Web. Nor does it have near-term plans to do so, even though about 90% of its daily orders are routed electronically.

Trade processing over the Internet "is not ready for prime time" because of security and capacity problems, said Robert G. Breit, group executive vice president at the NYSE.

Breit points to last October, when NYSE trading hit record

volumes at 1.1 billion shares traded in one day. Although NYSE's systems didn't even come close to reaching capacity, discount brokers like Charles Schwab & Co. struggled to execute customers' trades as telephone lines jammed, Breit said.

Web-based stock trading "has been more of a retail phenomenon" with lesser interest among institutional customers to execute orders over the 'net, said Duncan Niederauer, a managing director at investment firm Goldman, Sachs & Co. in New York.

THE INEVITABLE

Nevertheless, Niederauer said he is convinced that stock markets such as the NYSE "will be pushed" into processing orders over the 'net as the volume of Internet-based trading continues to swell.

Last year, 7% of all retail stock trades were executed over the 'net, and the number continues to grow, said Marc E. Lackritz, president of the SIA, an industry trade group based in Washington.

That kind of growth is leading to lowered use of intermediaries such as brokers, as online-oriented niche players siphon off business historically handled by full-service brokerages and stock exchanges.

"If the [stock] markets don't process trading over the 'net, someone else will," Niederauer said. □

Data access tools extend reach

► Prove less costly, easier to install than warehouses

By David Orenstein

BY CORRELATING clinical data on appendectomy results with the use of surgical supplies, Columbia/HCA Healthcare Corp. can avoid buying more supplies than it needs.

The 330-branch hospital chain had to stitch together its own system to assemble such data quickly from disparate sources. But off-the-shelf systems that provide a single view of information from different sources are becoming increasingly popular.

Users and analysts said those data access tools aren't necessarily alternatives to more powerful data warehouses. But they can be implemented quickly and less expensively because they can leave the data where it is. Those tools also can be used for data extraction, migration and transformation.

"This is definitely a market that is to be reckoned with and is also growing," said Jeanine Fourriere, a senior analyst at Earledeen Group, Inc., a Boston research firm.

Ed Ach, an analyst at International Data Corp. in Framing-

ham, Mass., agreed. He said that although demand isn't great because of the newness of the market, "in time that will happen."

Columbia/HCA's mostly homegrown system lets it manage a wealth of data that ranges from clinical to financial to administrative to patient records. Data at each hospital is report-

FMC Corp., a maker of chemicals and equipment for agriculture and industry, earlier this year began to use ISG Navigator software from Burlington, Mass.-based International Software Group, Inc. to quickly solve disparate data dilemmas.

ISG Navigator gave workers quick access to data residing in a wide array of platforms and databases, said Ralph Tarabur, technical services manager at FMC. Sales representatives, for example, can access the FMC intranet and simultaneously retrieve parts availability information from one database and call up engineering schematics from another.

Asthmum, Va.-based Enterworks, Inc.'s Virtual DB also queries data where it resides instead of requiring users to set up working from a data warehouse or main frame.

Systems such as Virtual DB aren't as powerful or versatile as a full-fledged data warehouse might be for Jeffries & Co., said Russ Lewis, chief information officer at the Los Angeles investment bank. But the company uses Virtual DB to generate reports on customer accounts from several data sources, including legacy databases. □

Jeffries & Co.'s Russ Lewis: Data warehouses more versatile and powerful

ed to separate databases at the central office, said Jeff Prescott, a spokesman for the company.

But other companies have begun to look to commercial packages to do the job that Columbia/HCA's stitched-together system does.

Bug fixes bog down Intel Xeon rollout

By April Jacobs

INTEL CORP. today plans to usher in its Pentium II Xeon chip, which is widely viewed as the end of the road for the long-lived Pentium Pro. The upshot for users is significantly better performance and lower price per server.

But, not all is expected to go smoothly. The company announced last Thursday that some of the server-based systems could be delayed by several weeks because of a last-minute bug fix in one of the chip sets, dubbed the 450NX.

With clock speeds of 400 MHz and initial support for up to four processors, the new chip will be used in systems targeted at high-end workstation users and Windows NT database and World Wide Web servers.

The Pentium II Xeon runs at least at double the clock speed of Pentium Pro and can accommodate two more processors per server than Slot 1-based Pentium II machines. Xeon-

based servers also will support 64-bit Peripheral Component Interconnect slots vs. 32-bit slots in Pentium Pro machines. That will allow for better throughput, said Joe Barkan, an analyst at Gartner Group, Inc. in Stamford, Conn.

Some OEMs may choose to scale their machines to eight processors with their own chip sets, but the initial offering from Santa Clara, Calif.-based Intel supports up to four.

"On a four-way Xeon system, you can get better than or equivalent performance to an eight-way Pentium Pro," Barkan said.

POWER TRIP

Users like the idea of getting more power out of a single box.

"We are jamming multi-processor boxes in for access to client/server applications and the Internet already, and everybody wants the flexibility to be able to scale up," said Brian Brumit, a director at Coopers & Lybrand LLP in Princeton, N.J. Brumit said he thinks Pen-

tium Pro-based systems will be ushered out quickly in corporate environments — as soon as applications are fully tested.

Xeon pricing may not be cheap, but that isn't unusual for introductory high-end Intel-based systems. The chips are being sold to OEMs for about \$1,100 to \$2,800 for 400-MHz chips with either 512K bytes or 1M bytes of Level II cache.

Barkan said pricing for the initial rollout wasn't as much of an issue as was the pricing for chips slated to be delivered by the end of the year with 2M bytes of cache.

Intel also will offer 450-MHz Xeon chips by year's end. Most OEMs that plan to roll out Xeon-based systems are aiming for fall ship dates. Compaq Computer Corp. plans to deliver Xeon-based servers in the third quarter, with initial offerings of 400-MHz machines. NCR Corp. plans to deliver Xeon-based systems this fall in 400- and 450-MHz configurations. □

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Visual Basic hits the 'net

► Version 6.0 boasts Web and data access tools

By David Orenstein
New York

USERS SAID they are optimistic about the Internet and data access enhancements in Microsoft Corp.'s upcoming release of Visual Basic 6.0.

The chance to see a live demonstration drew hundreds of curious and eager users to the VBITS '98 conference here last week. Microsoft expects to release Visual Basic 6.0 in early September as part of its Visual Studio development suite.

Ted Turner, a systems architect at St. Paul Cos., said the Minnesota-based insurance company will likely upgrade.

Visual Basic has come a long way since Version 4.0, when St. Paul declined even to certify the language as a preferred tool, Turner said. At that stage, the language wasn't object-oriented, and its performance lagged behind rival Sybase, Inc.'s PowerBuilder.

"With Visual Basic 6.0, Visual Basic has really come of age," Turner said. St. Paul Cos. now

builds all of its new applications in the language.

WEB FEATURES

Version 6.0 includes a host of tools that integrate Visual Basic with Internet technology. Those tools include a dynamic HyperText Markup Language page de-

veloping tool. SmithKline Beecham PLC in King of Prussia, Pa., said he is looking forward to the greater Web integration, but he added that he is concerned about what seemed to be inadequate Java integration.

To serve applications to browsers, Johnson said, he now uses VBScript with Java in InterDev, another Visual Studio tool. Johnson said he is concerned that Visual Basic 6.0's lack of Java support would keep Visual Basic users away from Java.

Visual Basic users away from Java.

IMPROVEMENTS WELCOME

Microsoft also promises greatly improved data access tools. That will be critical for Joana Francisco, a computing engineer at Central Bank of Portugal. She is

Languages and the Web: The more the merrier

Following the lead of the other tools in Microsoft's planned September release of Visual Studio 6.0, the C++ 6.0 component has been enhanced to develop applications for use over the Web. That is important to users because C++ is a dominant language for programmers within corporations and at software developers.

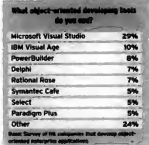
"I could do mostly everything for the Web in C++, I would still wish that," said Wayne Wilson, a network tools developer at Prodim, Inc., a developer of high-speed wireless LANs in Menlo Park, Calif.

Even Microsoft, an analyst at Aberdeen Group, Inc. in Boston, said C++ is a dominant language, but Microsoft would have been foolish not to include greater Web development capabilities to meet growing interest in the Internet and Java.

A survey conducted last year by International Data Corp. in Framingham, Mass., showed that only 17% of organizations use Java for serious development while another 34% use the language or plan to use it for other work.

The Cutter Consortium, a consulting arm of Cutter Information Corp. in Arlington, Mass., found in a recent survey of 116 businesses that 43% expect to use Java and 37% plan to use C++ for object-oriented enterprise applications within three years.

— David Orenstein



Source: The Cutter Consortium, Arlington, Mass.

signer that lets users program interactive World Wide Web sites for Internet Explorer 4.0 and Web classes, which let users write applications on Internet servers that can be run from any browser.

Michael A. Brown, a senior developer at Metro Business

now using Visual Basic 5.0 to develop a system that will receive and organize data from banks in Portugal and the European Union.

Version 5.0 "is terrible," she said. "I had lots of problems" because of data access bugs. Any improvement over Visual Basic 5.0's weak and buggy data access tools would be welcome, she said.

Visual Basic 6.0 adds the ability to design databases in Oracle Corp.'s format as well as in Microsoft's SQL Server. It also provides access to multiple data sources using Mi-

crosoft's Universal Data Access architecture.

Johnson agreed that Visual Basic 6.0 should enhance data access but he will want to see it work on his own computer rather than in a slick Microsoft demonstration.

Turner also tempered his enthusiasm for the newest version. Although he said Version 6.0 looks like a strong release, he added that he will continue to use Inprise Corp.'s Delphi for the independent programming he does at home because Delphi's greater object orientation makes it faster. □

IBM/Lotus to tackle information overload

By Roberta Fusaro

IBM hopes to come to the aid of users struggling with information glut by helping them harness that data and use it more efficiently.

With that goal in mind, Jeff Papows, president and CEO of IBM unit Lotus Development Corp., last week announced that knowledge management will define the company's strategic direction for the next few years. For starters, Lotus will integrate real-time messaging and search capabilities into its Notes and Domino upgrades, carving a niche for itself in the knowledge management space.

"We're dealing with an information glut, and these [kinds

of] tools and technical help could help us manage that glut," said Dennis Murray, a technology manager at Novartis Pharmaceuticals Clinical Development and Regulatory Affairs division. He said the drug maker is very interested in the collaboration features being built in to Notes and Domino 5.0 at Lotusphere earlier this year. Overall, it is becoming an increasingly important concept for business managers: More than

IMPORTANT TOPIC

The notion of making a company's collective information available to everyone in the organization was a big topic at Lotusphere earlier this year. Overall, it is becoming an increasingly important concept for business managers: More than

half of all companies today have some sort of knowledge management initiative in place, according to The Delphi Group, Inc. in Boston.

At a briefing in Cambridge, Mass., Lotus officials demonstrated several add-ons to, and services for, Notes and Domino 5.0, which use the real-time instant messaging and chat technologies Lotus acquired when it bought DataBeam Corp. and Ubique Corp. last month.

Version 5.0 of Notes and Domino are due by year's end. With the upgrade features, Notes users will be able to locate information and team members more quickly via instant messaging and will be able to capture and save text from those messages.

Most knowledge management features and services discussed at the briefing will be available late this year and be-

yond, Lotus officials said.

Hadley Reynolds, a research director at Delphi Group, said most Notes users will look to that platform for ways to manage information. So Lotus is smart to aim its products and services at the issues knowledge

"We're dealing with an information glut, and these [kinds of] tools and technical help could help us."

— Dennis Murray
Novartis Pharmaceuticals

management raises, he said.

Murray can't wait. He said Novartis already has a Domino-based intranet and is starting to categorize information and knowledge for the company and its associates.


But for users with multiple mail systems, knowledge management enhancements might not make a difference.

Bonnie Rutledge, director of operations at the Montreal

branch of the Vermont Department of Motor Vehicles (DMV) and a Notes user, said the new features to Notes and Domino 5.0 are interesting but not a big attraction for the agency right now. The DMV is part of a larger agency, the Vermont Agency of Transportation, and other state departments don't use Notes for messaging. The departments use a hodgepodge of messaging systems, including Novell, Inc.'s GroupWise and IBM Prof.

But Rutledge said the DMV is using Notes for knowledge management to a small degree, by logging trouble events and equipment snafus via Notes databases.

Howard Deal, director of support services at the DMV, said the information systems staff is currently enmeshed in year 2000 updates. Project information is exchanged via Notes databases and E-mail. "But we'd have to take a hard look at add-ons and systems that would maximize resources," he said. □



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WANG

IBM goes global with management services

By Kim Girard

IN AN EFFORT that could help users reduce their overall cost of PC ownership, IBM has enhanced its desktop management and asset management services and is offering them worldwide.

IBM will offer on a global scale service that covers asset management, help desk and testing. It previously was available only in North America.

According to analysts, IBM now can offer customers a financing package, a standards-based system for adminis-

trative tools and some additional technologies that provide, for example, the ability to wake up machines to download software or track an electronic ownership tag. Users can pick which services they need from the suite of offerings.

"It's a Lego approach, and it's pretty

good," said John Dunkle, president of Workgroup Strategic Services in Portsmouth, N.H. "It's telling people they don't have to do IBM everything."

Services in the IBM suite include the following:

- **Asset Management**, which helps companies track assets, record inventory changes and authorize new purchases on a Notes Domino World Wide Web-based database.

- **Help Desk**, which uses computer telephony and knowledge-based systems to make help desks more effective.

- **Multivendor Networking**, which helps companies plan, design and build multivendor networks.

- **Capacity Planning and Performance Management Services**, which runs computer models of customer networks to forecast needs.

- **Testing Services**, in which IBM constructs in-house replicas of customer network systems to test and forecast the effect of changes.

Pricing depends on which offerings are chosen but will range from \$50 for a basic asset management service to \$50,000 for modeling a customer system for capacity planning, IBM said.

CATCHING UP TO DEMAND

Tom Tracey said the industry overall has lagged in systems management, with the exception of Novell, Inc.'s ManageWise product and Computer Associates International, Inc.'s Unicenter. Tracey is technology officer at PNC Bank Corp. in Pittsburgh, which has 15,000 PCs.

He said corporate demand has helped bring more attention to systems management, and he added that the entire industry, including IBM with its new offering, is "now coming up to where it wants to be."

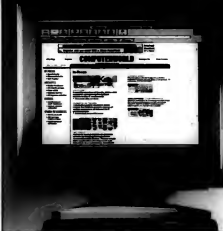
PNC Bank, an IBM customer, plans to use ManageWise for server management and will roll out Tangrem for asset management, with a plan to implement IBM's Tivoli software in the long term.

Alex Hu, a senior technology officer at The Chase Manhattan Bank Corp. in New York, said that although IBM has some useful new management tools, standardizing across the bank's enterprise remains too difficult to rely on one vendor.

"There needs to be a big push by Microsoft [on systems management]," he said. "Otherwise, it's not going to work." □

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RELATED TERMS

Digital certificate	An electronic identification that says the user is who he or she claims to be. It's issued by a bank or clearinghouse and contains information about the user.
Digital signature	A code that guarantees a sender's identity. If an unauthorized person decrypts it, the digital signature will be altered, and the recipient will know of the tampering.
Digital wallet	A file or set of records for a user that contains all account data, such as credit-card numbers and a digital certificate.
Electronic cash	A form of money encoded on a credit card or in a digital wallet. Like cash, if it's lost or stolen, it can't be replaced. It lets you make anonymous transactions.
Smart card	A credit card embedded with a chip that contains a digital wallet and information about the cardholder.
Secure Socket Layer (SSL)	The current standard for electronic transactions. It's a simpler standard than SET, but it's less secure. Because of SSL's simplicity, analysts expect it to be used as the interface between the online buyer and the merchant.
Trusted authority	An organization that generates and validates secure keys. It is separate from an organization that performs the monetary transactions.

Secure Electronic Transaction

DEFINITION: A standard for secure credit-card transactions over the Internet.

Visa International Service Association, MasterCard International, Inc., American Express Co. and Japan's JCB Credit Card Co. Ltd. have endorsed the standard. SET supports World Wide Web-based transactions between sellers and buyers; a revision due next year also will support business-to-business transactions, such as inventory payments, and smart cards.

E-commerce not ready for SET

By Galen Gruman

LACK OF ECONOMIC INCENTIVES for merchants and the high cost of implementation is keeping the Secure Electronic Transaction (SET) protocol from gaining acceptance. The 2-year-old standard, co-owned by Visa International Service Association and MasterCard International, Inc., is in trial tests in Europe and Asia.

But the adoption of SET in the U.S. is slow, says Bill Burnham, senior research analyst of electronic commerce at Deutsche Bank Securities' technology group in San Francisco. A combination of technical, cultural and economic factors are accountable, he says.

Analysts agree that the adoption is low but that there are benefits to implementing SET, including reduced fraud and guaranteed payments.

FUTURE DEMAND

Undetected fraud on the Internet is relatively low. "There are easier ways to steal credit-card numbers," says Alan Glass, vice president of electronic commerce at MasterCard and one of two board members at SETco, the organization that manages SET. But as Internet commerce grows, the cost of fraud to merchants will rise, Glass says, and that will cause retailers to adopt SET.

Consumers will add to the pressure, says Sandra Lambert, principal at the Los Angeles-based security consultancy Lambert & Associates. "From a consumer's point of view, the protection of my credit-card numbers is very

important," Lambert says. Customer demand is a big incentive for merchants, but it's up to the merchant to pay. It's difficult to figure the actual cost of SET, but it's expensive because it's so secure. Also, maintenance and technical support could be large costs, Burnham says.

Analysts agree that the banks and the clearinghouses will have to purchase SET transaction servers, and the clearinghouses will have to set up and distribute the users' and merchants' identification, called digital certificates (see Related Terms, at left). "There's really no good estimate of what it will cost, but my guess is at least \$5 per cardholder per year," Burnham says.

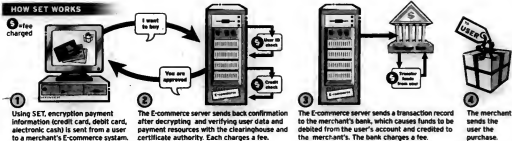
AT ISSUE Will SET gain widespread acceptance?

Furthermore, while SET was being developed and tested, other security measures cut the risk of fraud greatly, Burnham says. The combination of Secure Socket Layer security (see Related Terms) and fraud-detection software has provided adequate protection for customers and merchants—at a lower cost.

Most companies will need to add new validation, protocol-management and encryption/decryption software while using existing credit-card payment networks and Internet servers. And consumers will need to have SET software on their computers.

With or without SET, U.S. businesses are willing to risk unsecured electronic commerce—proven by the fast growth of Internet commerce in the past year without SET. According to Burnham, "Consumers and merchants say, 'It's risky, but so what?'" □

HOW SET WORKS





Y2K is a complete pain.

It's also an opportunity to improve your network.

*For more information about Windows NT Server and Year 2000 see www.microsoft.com/ntserver/Y2K.

†Price reduction applies to server upgrades from any previous version of Windows NT Server and competitive upgrades—consult your reseller for a complete list of qualifying competitive products. Discount is up to 20% off estimated retail price of Windows NT Server 4.0. Reseller price may vary. Promotion does not apply to Windows NT Server 4.0 Academic product. All price reductions effective through 12/31/98. Offer good in U.S. and Canada only.
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Upgrade to Microsoft Windows NT Server 4.0 today.

Get one step closer to the next millennium.

Get a great file/print server.

Get an outstanding application server.

Get them unified on one platform.

Get up to 20% off and a free Services for NetWare CD-ROM.

Irony, isn't it? That an inconvenience of Y2K's imminence might actually do your network some good after all. But consider it this way: since there's no getting away from that major network upgrade, maybe there's something you can get out of it. For instance, here's what happens when you upgrade to Microsoft® Windows NT® Server 4.0:

Windows NT Server 4.0 delivers proven file/print performance. Using the industry-standard Netbench performance tool, Windows NT Server 4.0 outperforms Novell NetWare 4.11 by nearly 17% in file/print throughput tests.

Windows NT Server 4.0 unifies file/print and applications on one platform. It's the ideal choice for supporting key business applications, including groupware like Microsoft Exchange Server. There are already over 4,000 applications for Windows NT Server available today. And, of course, running your applications and file/print on a common platform simplifies the management of your network—giving you more time to focus on achieving your long-term goals.

Windows NT Server 4.0 is the easy way to prepare for the future. It's already the leading intranet platform—in fact, according to IntelliQuest, it's the platform that 56% of corporate Web applications are being built on. And with features like remote access services, virtual private networking and out-of-the-box integration with Microsoft Proxy Server, you can enable cost-effective, secure communication across the Internet among employees, customers and partners. It's an exceptional Web server too—according to NetCraft, more than half a million Internet sites are currently running on Windows NT Server.

Windows NT Server 4.0 reduces total cost of ownership. A recent study by the Business Research Group compared it to NetWare in a mixed environment, and revealed that, as a unified platform, Windows NT Server 4.0 lowers the costs of providing file/print sharing and application support by nearly 20%.

And if you upgrade now you'll save up to 20% off the estimated retail price.* You'll also qualify for a free Services for NetWare CD-ROM (ERP \$149) that makes it easier for you to transition your NetWare-based network to Windows NT Server 4.0.

So the question is not: How can I minimize the inconvenience of having to upgrade my file/print? The question is: How can I maximize the benefit of doing so? It seems that Y2K is about more than just surviving the turn of the millennium. Windows NT Server proves that it's equally about making the most of what's left of the 1990s, and getting the 2000s off to a flying start.

Upgrade to Windows NT Server 4.0 and save up to 20%.*

Act now to get a FREE Services for NetWare CD-ROM.

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Microsoft

OPINION

Big Blue blessing

A little cheer went up in my heart when IBM recently adopted the free Apache Web server software to bundle with its own WebSphere line. This is the Big Blue blessing laid upon a truly open standard, on source code born and raised in the spirit of the Internet community. No marketing blitzing. No empty talk about innovation. Just quiet, constant improvement in code quality — by volunteers.

About half the Web sites out there today use Apache freeware as their HTTP server, a critical component of Web applications that communicates with the browser. It's actually a very straightforward piece of software. It sits on the Internet and feeds Web pages to browsers as requested. No rocket science required.

But years of fine-tuning and bug-fixing by scores of

Internet contributors produced a robust, scalable piece of software that runs every bit as well as rival commercial offerings from Microsoft and Netscape Communications. The competitive fallout from this

deal is prompting the predictable yammering from industry analysts: What will happen to Microsoft and Netscape Web server products? What about IBM's line of Lotus Domino stuff? Yadda yadda. Yawn.

What makes this move noteworthy to corporate customers is the reassuring signal it sends that IBM's legendary resources and support will be just a phone call away.

Even more encouraging is IBM's public vow to join in that spirit by freely sharing its own improvements to Apache source code with the 'net community. That willingness to give something back — instead of walking away after pocketing the technology — sends another kind of reassuring signal. Corporate giants and freeware fanatics may have a lot more in common than they ever suspected.

Longtime 'nutties have deplored the "invasion" of their network by the cross commercialism of the Web. But imagine what the combined strengths of the business and the 'net community could accomplish. Imagine the impact such a détente could have on product quality and — even more compelling — choices in the marketplace.

Maryfran Johnson

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Readers take Steve Forbes to task over Microsoft case

Washington's latest power grab

Steve Forbes

It has created fantastic results without politicians' intervention or knowledge, and that lets them to go on.

IT HAS CREATED FANTASTIC RESULTS WITHOUT POLITICIANS' INTERVENTION OR KNOWLEDGE, AND THAT LETS THEM TO GO ON.

STEVE FORBES' column in the April 27 issue was predictable. As a very wealthy man, he would of course sympathize with Bill Gates. However, he's dead wrong and doesn't even bother to analyze the situation. Rather than argue that Microsoft isn't a monopoly or that it is operating as a benign monopoly within the constraints of the law, Forbes simply ignores the issue. He argues that government needs to permit an unfettered free market to solve the problem. Why does he assume that lack of government intervention will result in a free market?

The assumption that Microsoft will not try to leverage its desktop monopoly into a monopoly in other areas is simply not valid.

Microsoft is in business to make money. To trust a business to look out for my best interests is, at best, foolish. It's important to recall that while retaining our traditional distrust of government, we do elect it. I don't recall ever electing Bill Gates to oversee my computing environment.

Bandy Grein
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Bgrein@da.com

I THINK YOU could have picked a more informed author than Steve Forbes to write a column on the Microsoft situation [CW, April 27]. Control of the desktop gives Microsoft in effect a "natural monopoly" akin to that enjoyed by public utilities.

Microsoft has used every opportunity to leverage that market power to squish or even pre-empt competition. The Internet is only the latest example.

Microsoft should be broken into at least two pieces: the company that makes the operating systems and the company that makes applications, development tools, etc. Then everyone would have a level playing field.

Unregulated markets tend toward concentration, which hurts consumers.

Look at the airline industry — it costs significantly less to fly to London from Washington than it does to San Francisco because there are more airlines competing on the trans-Atlantic routes.

The recent agreement between Microsoft and Sony to put Windows CE into Sony electronics should scare everyone with a Walkman.

At least Sony staff works now. After they put Windows in, even your Walkman will crash!

Ron Hodges
Systems development consultant
Rockville, Md.
ron.hodges@cdci.com

"GOVERNMENT, BAD; free market, good." That seemed to be the essence of Steve Forbes' column. As I write on my computer (IBM compatible, running Microsoft's Windows 95 and using Word 97) I have to think that Forbes' reasoning is incomplete.

He said the "government's harassment of Microsoft and Intel is just 'part of the power grab.' I remember when anti-trust laws were companies could not get a foot in the door because IBM was offering software for free."

Here is a modest proposal: Let Microsoft have its way with the operating system and all of its software, but at the same time, revoke all copyright and licensing laws that apply to it.

Then we will see what free markets can do.

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Computerworld welcomes comments from its readers. Letters shouldn't exceed 200 words and should be addressed to Maryfran Johnson, Executive Editor, Computerworld, PO Box 9179, 500 Old Connecticut Path, Framingham, Mass. 01701. Fax number: (508) 875-4391. Internet: letters@cw.com. Please include an address and phone number for verification.

How teens like me really use the 'net

David M. Thelen

Listening to sporting events. Shopping. Talking to friends. No, I'm not talking about things that you can do in your town — those are all things that you can do over the Internet. The Internet plays a huge role in kids' lives today.

A couple of years ago, having a friend with access to the 'net was a rare occurrence. Now, finding somebody who doesn't is quite a feat. The Internet provides a big opportunity for teen-agers today, but on the whole, we take it for granted and don't use it to the fullest of our abilities.

In fact, a lot of kids use it just to get certain pictures their parents don't want them to see and don't even stop to realize that the Internet could help them get better grades.

Most kids' first Internet experience happens on the World Wide Web, where they are able to find just about anything they want. The latest craze is Internet

commerce. People can buy groceries, shoes or a computer while sitting at their computer, with credit card in hand. Businesses spend millions of dollars to per-

Do you want a curious 16-year-old to be able to buy anything he wants?

fect the way to do business over the Internet.

When you first consider buying stuff over the 'net, you think it will save you a lot of time. But look at it a little closer. Do you really want a curious 16-year-old to be able to buy anything he

wants as long as he's holding Dad's plastic? (He may not even have to borrow Dad's. I know a lot of teen-agers with credit cards.) Although businesses love the proposition of being able to sell products 24 hours a day, parents may feel the effect of such access in their pocketbooks.

CDs and computer games seem to be the things kids buy most. I personally haven't come across anybody who's purchased illegal stuff, but I know it goes on.

WIDE SCOPE

Shopping isn't the only thing that attracts kids to the 'net. Special interest groups also attract people of all ages. Baseball fans such as myself can play free fantasy baseball games — and compete with people around the world. We can put Ken Griffey Jr., Barry E.'s and Mike Piazza on the same team, all while winning money.

And what kid doesn't love to listen to music while doing homework? Or what about when you hear a great song but you don't understand the lyrics? Through the Web, you can do a quick search and find out what those words are. You can even E-mail your favorite band.

Besides listening to music, what else do most teen-agers like to do? (Besides homework.) That's right: talk on the phone.

But instead of calling the same and somewhat melodramatic friends, you can get into an easy-to-access chat room and talk to people who share your interests. You can find a chat room about anything: music, sports, computers, books. You can even enter a chat room that answers questions on how to use chat rooms.

I usually join the sports chat rooms. You occasionally find a few people who run the fun by making nasty comments. When people like that log on, you just try to ignore them.

So as you may have guessed, the Internet is changing the way people manage their lives. Just think: One day, instead of going to school, a kid could sit at his home PC and have his homework assignments E-mailed to him.

Then, there would be no way the student could get in trouble, and there would be no teacher to yell at him because he's sleeping. ☐

Thelen is a sophomore at Heritage High School in Saginaw, Mich. His Internet address is zambot@abnet.net.

A way out of the E-mail morass

Michael Schrage

On a good day, I get 25 or 30 E-mails that require my immediate response. On a bad day, I get 65 or 70. I seem to be having more bad days lately. How about you?

The infuriating thing about 99.99% of my E-mail is that none of it has been prioritized in any meaningful way. Instead, the numerous messages all look depressingly similar (except, of course, the spam from the dieters who mark their identities behind alphanumeric instead of real E-names and addresses). And yes, I do what limited filtering my software permits.

The real problem is that I haven't a clue what most people expect from their E-missives. Do they just want to tell me something? Do they want me to respond? Do they want me to do something? And what about the when? This very minute? Does it have to be today? Tomorrow? Or maybe when I finally get around to it?

There is an obvious solution to this problem: We could insist that people appropriately label their E-mail. We could design headers that require E-mailers to

specify precisely what kind of message they are sending. Is it informational? Does it require a response? A behavior? Does it need to be forwarded to other parties? Archived? Swiftly deleted after reading?

A LITTLE EXTRA EFFORT

That isn't to suggest that the typical E-mail header should be longer than the typical E-mail itself. But challenging people to really think about how the messages they send should be received by their intended recipients is hardly a bad thing.

Indeed, in an era when knowledge workers ultimately can expect to process well over 100 E-mails per day, that challenge rapidly assumes a greater sense of urgency.

Part of me wishes that my

initial response to a query from someone I don't know would automatically generate a form response asking the sender to prioritize the message sent. Would that be offensive? Or would that be professional?

Your answer reveals a lot about your personal and professional values. My answer should be obvious.

American Express is one company where certain departments (notably IS) have the obligation to describe the E-mail they send. Reportedly, that discipline yields positive returns. But one has to ask why so very few organizations take the time and effort to think about how to better leverage their existing

E-mail infrastructures in a way that respects the time constraints of the individuals who use them.

In an earlier column, I observed that hardly any companies intelligently track their E-mail flow or do traffic analysis to help see how E-mail patterns intersect with value creation.

Now, I have to wonder whether more organizations will offer their people tools that will help them manage their E-mail interactions in a more effective and more efficient manner. I think it's needs to lead such initiatives if it has any hope of becoming seen as more than the digital plumb of the network enterprise.

Then again, I'm awfully fond of another solution to the E-mail conundrum: Insist that all E-mail sent have a deletion date attached. Insist that half the messages must disappear within 24 hours.

Well, it's just a thought — but I like it. Just don't send me E-mail about it. ☐

Schrage is a research associate at the MIT Media Lab and author of *No More Teams! His Internet address is schrage@media.mit.edu.*

It's infuriating that 99.99% of my incoming messages aren't prioritized in any meaningful way

AT A TIME LIKE THIS, THERE ARE SEVERAL
THINGS YOU MIGHT FIND USEFUL.

Dive knife.

Thermometer.

!

Recentralization: Breaking the news

Bill Laberis

Slowly but inexorably, that imaginary door that separates centralized from decentralized IT decision-making is swinging in the direction of central control, and for all the right reasons.

The question today isn't so much the direction of the trend but whether such a politically incorrect notion as recentralization will be allowed to happen.

First, a bit of history. Centralized management was forged from the mainframes of the 1960s. The mainframe platform invited central decision-making, as everything that was purchased revolved around it, and no one understood mainframes but the MIS people.

The 1970s saw a little decentralization with the minicomputer, but you basically got mainframe MIS units springing up in big departments — same wine in smaller bottles — as minus proved as convoluted and arcane as mainframes.

The PC gave birth to decentralized decision-making, which persisted for

nearly a decade as the logical IT management model. Departments found that they got things done quicker when

There are executives who remember centralized MIS — they wore out knee pads begging for data.

they did things themselves — from setting up LANs to establishing E-mail systems to managing training.

Today, that decentralized model is crumbling because the drive is on to establish global, distributed, networked computing systems. Major decisions about network backbones, network hardware, applications suites and so forth

can't be made by a consumer. Those decisions require a central authority lest they never get made at all.

So how the heck is anyone going to sell such an unsavory subject as centralized IT management? There still are many executives and managers out there who remember the glory days of centralized MIS, when those same executives wore out their knee pads begging for reports, data and other things held hostage by the MIS department.

But sell centralization you must. You ought to start by pointing out that the recentralization movement is well under way. More than two years ago, the Research Board, composed of 15 executives from some of the largest North American companies, found that a majority of its members were strengthening centralized control over both purchasing and applications development.

Venerable giants such as Mobil and Alcoa, in preparation for major intranet deployments, aggressively recentralized key aspects of IT. Even decentralization pioneer Levi Strauss has turned to central planning as the company faces new global competitive challenges.

When pitching centralization-wary department managers — and there are many of them — it's critical to link the benefits of central planning directly to a business outcome. For example, the IT foundation for successful electronic commerce will demand a bulletproof, unified plan that dictates how data is switched and routed within the company, how and what data is accessed outside the company, how it's stored on tomorrow's network storage systems; and how data is defined so that it looks the same to all users regardless of its origins.

And as the growing army of remote users adopts a growing array of new devices, coordination and administration become more critical than ever.

Those things just aren't happening without centralization.

But mostly, you must show a clear, deliberate break with the past. No more arrogance. No more talking in IT tongues. Governing users' distrust into trust will be the most mission-critical piece of recentralization. □

Editor in Chief at Computerworld from 1986 to 1996, Laberis is now president of Bill Laberis Associates, a consulting and publishing company in Haldimand, Mass. His Internet address is bill@laberis.com

The Microsoft monopoly muddle

David Moschella

A prediction: There will be no winner or loser in the contest between Microsoft and the Department of Justice, only a complex, often acrimonious struggle for a compromise that likely will benefit us all. Here's how I see it:

Half of Assistant Attorney General Joel Klein's position is simple. He believes Microsoft has a monopoly in PC operating systems, and he knows there is a long legal history supporting the view that monopolists are subject to different rules and tougher standards than the average company.

However, deciding how to apply that thinking is another matter altogether. Anticompetitive behavior is a lot like pornography. Most people think they know pornography when they see it, but trying to define it into law often proves impossible. Consequently, today's antitrust laws are highly ambiguous and sometimes leave Microsoft in the uneasy position of not knowing whether a particular action, deal or decision will be deemed legal.

Author Ayn Rand had it right in 1964

when she described the plight of the businessman as follows: "If he charges prices which some bureaucrats judge as too high, he can be prosecuted for monopoly — if he charges prices lower than those of his competitors, he can be prosecuted for unfair competition — and if he charges the same price, he can be prosecuted for collusion or conspiracy."

In that environment, Klein's logic will inevitably sound fuzzy, but it will benefit from the powerful rhetoric of fairness. In sharp contrast, Microsoft will point to such operating systems as Mac OS, OS/2, Unix and Linux as evidence that a company isn't a monopoly and therefore it should be treated like any other firm. From that position, Microsoft's lawyers will be able to show that no matter what the Justice Department might accuse the company of, other IT compa-

nies are doing virtually identical things.

But the "we're just like everybody else" defense also has its problems. There is, of course, the inconvenient fact that Microsoft has 95% of the PC operating system business. But perhaps more important, America's instinctive distrust of Things Big will make it highly skeptical of Microsoft's power. Indeed, the very idea of antitrust law emerged out of the checks and balances deeply ingrained in American culture. Consequently, to much of the public, Microsoft's arguments will sound clear but unacceptably Darwinian.

So fuzzy and fair are being pitted against clear and Darwinian. Given the choice, society would like its laws clear and its markets fair. Unfortunately, as noted, in the

world of antitrust, that option doesn't exist. That's why the process almost certainly will be a muddle, a bit fuzzy, a bit clear, a bit fair, a bit Darwinian.

We've seen that pattern before. The government always had a hard time explaining what exactly it wanted to do about IBM. But somehow — between the 1934 consent decree that barred IBM from the service bureau business, government jawboning that encouraged IBM to unbundle its software and endless suits and settlements that helped make it possible for competitors to build IBM-compatible processors, disk and tape equipment — a more level playing field was eventually built.

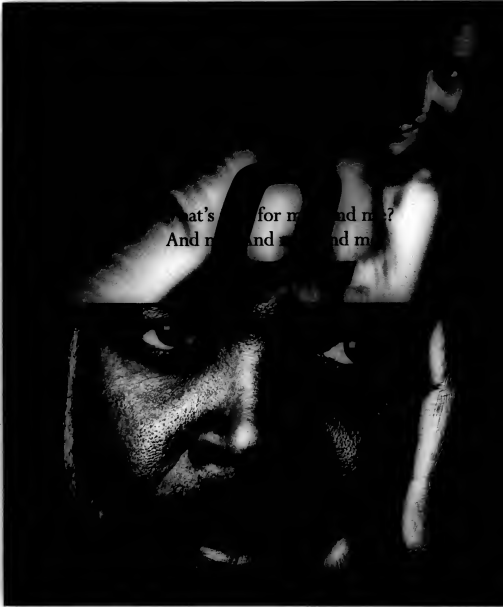
Odds are that a similar path awaits Microsoft. Don't expect any watershed decisions, just a steady series of agreements and pressures that restrain Microsoft's power without fundamentally hindering its ability to innovate and compete. It won't be pretty, but history suggests that the results will benefit us all. □

Moschella is an author, independent consultant and weekly columnist for Computerworld. His Internet address is dmuschella@earthlink.net.

Fuzzy and fair are being pitted against clear and Darwinian.

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wider acceptance and greater affordability. So that more people end up with more ways, better ways, of doing what they need to do.



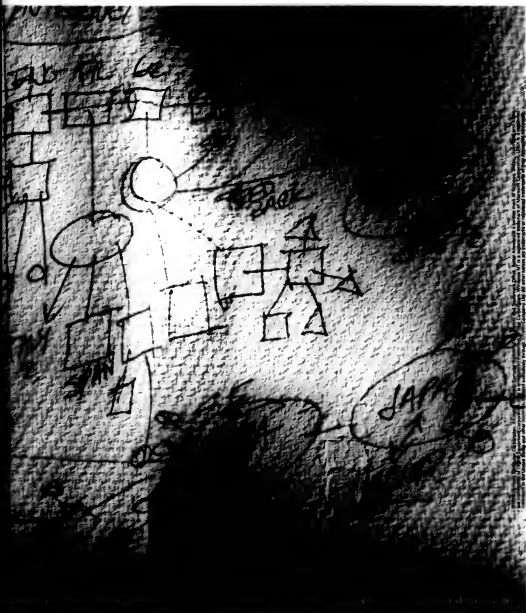
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IS WORRIES:

What keeps you awake at night?

Year 2000 20.3%

Security 17.6%

Finding and keeping staff 16.3%

Network issues (management, performance, expansion) 15.7%

Budget 14.4%

Keeping up with technology 12.4%

System reliability 11.8%

Source: Survey of 153 IT managers responsible for an average of 3,500 users with full access; multiple responses allowed

Source: MIT Consulting Group, Seattle

Source: Survey of 153 IT managers responsible for an average of 3,500 users with full access; multiple responses allowed

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Stock options afflict mergers

► Software computes prices more easily

By Thomas Hoffman

MERGERS TYPICALLY generate a lot of frenetic behind-the-scenes activity. What will the new corporate logo be? How will the data center be consolidated?

And how will the company match jumpy stock prices with the tidal wave of stock options employees exercise during the merger? That is one of the more demanding premarital problems, said Maureen Carini, an analyst at Standard & Poor's Equity Group in New York.

Before a deal is closed, share prices typically jump around like a cardiogram, which makes it tough for options administrators to match stock prices with

Before a deal is closed, share prices typically jump around like a cardiogram

options. And merger partners that usually use spreadsheets to match stock prices with options often "don't know if the balances are correct," said Linda DiSanto, a corporate paralegal at CVS Corp. The Woonsocket, R.I.-based drugstore chain merged with Twinsburg, Ohio-based Revco D.S., Inc. last May. To help streamline the

process, CVS and other companies, including U.S. Bancorp, have used an automated record-keeping package from Los Altos, Calif.-based Corporate Management Solutions, Inc. (CMS) called Express Options for Windows. Competing products include Equity Edge for Stock Purchase Version 4.0 from Sharedata, Inc. in Santa Clara, Calif.

Express Options, which runs on Windows 95 and Windows NT, was designed to track the number of stock options that are exercised and the price per option. The software automatically converts stock options using up-to-date share prices.

When a merger is finalized, "we tend to see a lot of [option] actions by former employees," said Mark King, a business operations analyst at U.S. Bancorp in Minneapolis. Using the CMS software during its \$8.9 billion merger with First Bank System, Inc. last August, U.S. Bancorp was able to convert

Stock options, page 50

Improving job satisfaction

What makes technical people more satisfied with their work?

► **Meaningful compensation**, such as special titles and flexible time

► **An emphasis on career planning**

► **Respondents' job satisfaction was less likely to be linked to the following:**

► **Salary**

► **Level of influence in decision-making**

Source: Survey of information technology professionals, University of Wisconsin, La Crosse, Wis.

Techies want more than pay

By Barb Cole-Gomolosi

RON NICHOLSON, a senior systems analyst at Georgetown University in Washington, probably could make more money if he worked at a large corporation. But he likes that his current employer pays for training that will help him learn Windows NT administration and Java programming.

Nicholson is like a lot of IT technicians who place a higher value on career development than getting a quick raise.

Preliminary results from a study by researchers at Drexel University in Philadelphia and Rider University in Lawrenceville, N.J., show that technical people in information systems departments tend to rate career development and nonmonetary compensation as more important factors in their job satisfaction than money. Also, technical staffers often are frustrated by the lack of career planning made available to them.

A recent Computerworld survey of 500 information technology professionals yielded similar results. Respondents said salary was important, but they would trade a big bonus for flextime, greater intellectual challenge and training.

Techies, page 50

• Year 2000: View from the trenches

Long days ahead at the DEA

By Matt Hamblen

IN THE TRENCHES of the year 2000 battle, Don Essick is a foot soldier.

Amid the tedium of fixing 1 million dates in the records of the Drug Enforcement Administration (DEA) in Arlington, Va., the 52-year-old Essick sees co-workers worry every day about whether they should jump ship for better pay in the private sector.

He also sees long weeks of overtime looming in his future. A federal contractor at Logicon Syscon in Falls Church, Va., he already has worked nearly full time on year 2000 fixes at the DEA for more than a year.

And, he said, he has nagging worries that even if the DEA gets ready in time, other agencies won't, and his hard work will be wasted.

"There are several federal agencies that are still in major denial about year 2000," Essick said. "I think some government leaders are just plain ignoring it



The DEA's Don Essick plans to take his last vacation of the century in August

and need to be honest. Let's not put fear in everybody, but be honest and talk about what could possibly happen."

Overall, the federal government in early June got an F for year 2000 readiness from U.S. Year 2000 trenches, page 50

How much of your annual expenditures go to outsourcing?

Less than 1% 18%

1% to 5% 37%

6% to 10% 22%

11% to 25% 8%

More than 25% 10%

Source: Survey of 400 managers

Source: The Wharton School, Philadelphia

Source: The Wharton School, Philadelphia

Source: The Wharton School, Philadelphia

Source: The Wharton School, Philadelphia

Source: The Wharton School, Philadelphia

Source: The Wharton School, Philadelphia

Source: The Wharton School, Philadelphia

Automation at the low end

By Craig Stedman

TO TRY to automate production planning without busting budgets, some midsize manufacturers are turning to low-end software designed to get the job done with minimal fuss.

For example, Flexible Product Co., a \$150 million maker of chemical products in Marietta, Ga., is using PC-based software from Distinction Software, Inc. to set production schedules for its flagship foam sealant epoxy.

Distinction's five product modules start at about \$50,000 each. Top-tier production planning software usually comes in \$1 million chunks, said Larry Lapide, an analyst at AMR Research, Inc. in Boston.

Before the software was installed two years ago at Flexible's Joliet, Ill., plant, planners there worked "basically by the seat of their pants," said Bruce Dutenhofer, the company's chief information officer. To forecast sales, they looked at the previous year "and really just pulled out a number" to tack on for expected growth, he said.

That sometimes left the plant short of key materials such as aerosol cans and spray valves. "We made customers mad be-

MANUAL NO MORE

Jobs that production planners are looking to automate include:

■ Demand forecasting and modeling

■ Setting inventory stocking strategies

■ Scheduling day-to-day manufacturing

■ Planning purchases of raw materials

■ Generating product distribution plans

cause we couldn't ship products quickly," Dutenhofer said. Rush-ordering more cans increased the company's costs, and on one occasion Flexible had to outsource production to catch up with demand.

ACCORDING TO NEEDS

Dutenhofer said Distinction's Scope software automated forecasting and is helping the plant set a more level production schedule for the household foam sealant, which sells primarily in cold-weather months but has to be made all year to build up inventory. Higher-end

planning software "was a lot more than we needed," he added.

Atlanta-based Distinction is one of a half-dozen or so vendors that develop low-end planning software for users that make relatively uncomplicated products at a single plant or regional facilities.

Their track records are somewhat limited — Distinction has only about 20 users now. But for users who have always done their planning on whiteboards, the low-end products can be easier to use and less expensive than top-tier supply-chain software made by vendors such as La Technologies, Inc. and Manugistics Group, Inc., Lapide said.

Ease of use and simple installation were top priorities for LPS Laboratories, Inc., a maker of cleaners, lubricants and other products. The company began using Distinction's forecasting module six months ago.

Like Flexible Products, LPS was looking only for part sales data to do forecasting before, said Andy Liska, director of operations at LPS's Tucker, Ga., plant. That left LPS with more inventory than it needed, Liska said. He added that he is counting on the software to help cut inventory costs by 10% or more. □

migration software from Sirius Software, Inc. in Cambridge, Mass. Esack said Sirius is the only product that has allowed transparent sharing of dates with other law enforcement agencies that are using either six or eight digits.

Esack said the use of Sirius software has cut the timetable for data files by 20% to 30%. Nonetheless, fixing 1 trillion date fields at the DEA gave Esack and his co-workers some butterflies.

After he finishes files on data this month, testing will start. Esack plans a vacation in August — his last until after 2000. "There's going to be a lot of overtime after I return, but I'm a salaried worker and don't get overtime in theory. But if there's too much overtime, I may be negotiating all that. We'll see how it goes."

A chart in a hallway at the DEA marks the workday remaining until year 2000. It was especially sobering to Esack. "I was looking at that the other day, and the number was getting real small," he said. □

Techies want more

CONTINUED FROM PAGE 49

The Dresel and Rider researchers added 59 15 people in technical positions to compare themselves to their managerial counterparts in the areas of pay recognition, decision-making influence and other areas.

Not surprisingly, people on a technical path said they didn't earn as much as managers. But "even though they perceived that they weren't being paid the same, that wasn't related to leaving a job," said Cathy Ridings, a doctoral student at Dresel and co-author of the study.

What would cause them to leave a job was a company's sturdiness with other factors, such as a special title, or an employer's lack of interest in their career plan, the study showed.

EYE ON THE FUTURE

"Most technical people don't select a job based on which offers the highest immediate return," said Philip Carden, managing consultant at Renaissance World, Inc., an IS consultancy in Hoboken, N.J. Instead, they pick the one that offers the best mix of current income and increased future earning potential, he said.

"Technical people are very aware of their market value, so to suggest that money is not a consideration [in switching jobs] is naive," he said.

The opportunity to do challenging work and continue learning is key to those people who they like the intellectual stimulation and because it increases their market value, said Carden, who has opened and staffed two Renaissance offices in the New York area in the past three years.

The problem is that in many companies, there isn't a clear-cut career track or much emphasis on career planning for the 15 technicians, Ridings said. "These people often leave their jobs because they feel there is nowhere else for them to go, or they are promoted to management jobs which they are not suited," she said.

Julie Yanczy, managing director of development services at Federal Express in Memphis, said the company has a program that lets managers award top technical performers with free dinners, theater tickets and cash bonuses.

But she added that the company has done less to formalize the career planning that technical types seem to value.

"[IS technicians] often leave their jobs because they feel there is nowhere else for them to go."

— Cathy Ridings
Drexel University

Ridings said the study should be a wake-up call to companies that wish to retain IS technicians that they need to focus on nonmonetary compensation and career planning tools. "Things such as meeting with your boss to discuss your career are important to technical people," Ridings said.

However, in a lot of companies, such exercises are reserved only for people that are on the management track, she added. □

View from year 2000 trenches

CONTINUED FROM PAGE 48

Rip. Steve Horn (R-Calif.), chairman of the House's Government Management, Information and Technology subcommittee. A handful of agencies did receive high marks, but the Justice Department, which oversees the DEA, got a D.

Esack, a 30-year information technology veteran, said he feels that he and his colleagues are being criticized and second-guessed from all sides, from Horn to the public at large.

"A lot of average people think all this year 2000 stuff is scare-mongering, and they say it's all a way of government grabbing more tax dollars," Esack said. (The government is spending about \$5 billion on year 2000 remediation.)

"But I tell them, 'What's the alternative?'"

Esack said he believes that the DEA deserves "at least a C or C+" and should be up to begin testing by October, well

ahead of the government's Dec. 31 deadline.

Nonetheless, there are about 18 months left of what Esack calls mostly tedious, repetitive work. And during hunk in that work, his colleagues increasingly talk of how they could be making six figures doing Cobol work at the offices of MCI Communications Corp. across the street.

NO EASY TASK

Esack isn't assigned to fix the DEA's 2.5 million lines of code. Instead, he is working on 680 million records, each of which has between 1 and 25 dates in it.

The DEA is using a "windowing" fix that assigns the 20th century to part of the two-digit dates and the 21st century in the other part.

In one of the big right spots of his work, Esack said, the DEA has done better than some agencies because it uses data

Stock options confuse mergers

CONTINUED FROM PAGE 49

stock options for 1,300 First Bank System "options" overnight, King said.

"If I had to transfer 1,300 options manually using spreadsheets, I can't even imagine how long that would take," King said. The CMS software's conversion techniques "saved a lot of headache and a ton of time," he said.

The software was also a big help to CVS in the company's \$2.8 billion deal with Revco, DiSanto said. He is responsible for administering the compa-

ny's stock options program.

"Having accurate stock and options data in the system 'saved a lot of time' when it came time to check the accuracy of the data compared with having to use a spreadsheet. DiSanto said. □

MORE ONLINE

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Internet Commerce

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Briefs

NET PRIVACY INDEX

Internet users concerned about privacy online: **81%**

Internet users who said their privacy has definitely been invaded online: **6%**

Basic Survey and Interviews with 1,001 U.S. adults

Source: Louis Harris and Associates, Inc. survey conducted for Privacy & American Business, Washington, D.C., and Price Waterhouse LLP

Balkans turn to Web for news

► Real-time audio to be added next

By Sharon MacLis

AS WAR RAGED in Bosnia and "ethnic cleansing" claimed the lives of tens of thousands, Dutch systems administrator Frank Tigelaar said, he "knew as much about [former] Yugoslavia as your average news-paper reader."

Then Bosnian refugees moved into his apartment building and told him their stories.

Today, Tigelaar, 47, and a small team of volunteers run an ambitious Balkan news site on the World Wide Web called Domovina Net ("domovina" means homeland). It has about 10G bytes of data spread over servers in four countries and includes video and audio streams from around the world. Domovina Net (www.domovina.net) also features news reports from Kosovo, the Yugoslav province where Serb forces have repeatedly clashed with the majority ethnic Albanian population.

The latest project, set to debut next month with backing from several nonprofit groups, will bring to the Web real-time audio feeds from the International War Crimes Tribunal in



Domovina Net features news of the Balkan conflict. Here, an Albanian walks through the remains of his home after it was gutted by a Serbian rocket-propelled grenade.

The Hague. Tigelaar said that will help media within Bosnia rebroadcast the trials as well as give sound bites to other small media outlets in Europe.

"It's an amazing information

source," said Andras Riedlmayer, a bibliographer at Harvard University who has launched a project to help rebuild the collections of Bosnia's

Balkan news, page 54

Online bill payment

CyberCash, Inc., in Boston, Mass., will conduct a trial Internet bill-payment program with the Digital City/Washington World Wide Web site next month. With CyberCash Payments, Digital City users in the Washington area will be able to pay various utility and other bills through electronic checks to their bank accounts. Consumers first will have to set up account details off-line with each participating utility. They then can go to the site, check their bill amount and click to confirm a payment request.

Health care Internet

This week, Santa Clara, Calif.-based Starnova Business Communications will begin selling a health care Internet that includes software, hardware and consulting services. The system delivers patient information, research, market reports and other data via E-mail, fax and pages. The service costs \$9,900.

Video venture funding

Vibron, Inc., a Boulder, Colo.-based company that specializes in video streaming technology, last week announced that it has secured \$75 million in venture funding from The Centennial Fund, Softbank Technology Ventures and Highland Capital Partners, joining Vibron's board of directors are Dan Persons, general partner of Centennial Fund, and Fred Feld, managing director of Softbank.

Users scoff at scheme to insure against hacking

By Laura DiDio

JUST ANOTHER marketing play.

That was the reaction of several users and security industry experts to the recent news that the International Computer Security Association, Inc. (ICSA) would sell hacker insurance to businesses.

Two weeks ago, the ICSA, a nonprofit organization in Carlisle, Pa., said it was working with several insurance companies to provide computer security policies that insure corporations against hacker attacks.

The caveat is that businesses must first buy the ICSA's TrueSecure service for \$40,000 per year. Once their sites pass the ICSA's hacking test, they can be insured for a maximum

annual payment of \$30,000, or \$20,000 per security incident, said ICSA President Peter Tipton. Companies that buy the TrueSecure service get an analysis of their network's security

vulnerabilities following an authorized hack by the ICSA's risk assessment team.

Users dismissed the idea of hacker insurance as a ploy by the ICSA to spark sales of its TrueSecure service. They also said the \$20,000 annual payment cap wouldn't come close to covering their actual losses in the event of a break-in.

"It's not a good deal. It's too expensive — a maximum of \$30,000 a year and \$20,000 per incident is a puny sum," said Josh Turiel, MIS manager at Holyoke Mutual Insurance Co. in Salem, Mass.

A recent computer-crime study jointly conducted by the FBI and the Computer Security Institute, Inc. in San Francisco

Hacking insurance, page 55

Get your upgrades right here

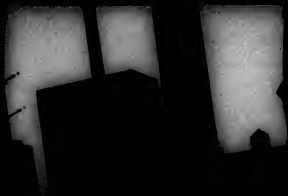
By Carol Slom

Software vendors may hoard information technology managers to buy their products, but they don't exactly pound down doors when it comes to starting them about bug fixes, patches and upgrades.

That left an opening for Intronics, Inc. in Orinda, Calif., which not only resells various vendors' software but also provides a service, called SubscribNet. The service notifies customers about fixes and upgrades and gives them a customized World Wide Web site where they can download them.

Many IT professionals said they have had to track down that information from vendors' Web sites — unless, of course, they discovered a

bug fix, page 54



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Bug fixer bypasses vendors

CONTINUED FROM PAGE 31

bug the hard way, when the software crashed.

"You never find out about bug fixes unless you jump on their site and do all sorts of searches," said Susan Kwong, an intranet engineer at Charles Schwab & Co. in San Francisco.

"They do a good job of posting, but they don't do a good job of notifying us. They only notify us when it's major," said Edward Bunco, chief information officer at Lowell General Hospital in Lowell, Mass.

The Internet has improved the situation. Five years ago, users had to wait for paper-based information or a CD-ROM fix to arrive. Now they can get E-mail, search the Web or participate in a discussion group.

COULD BE BETTER

But corporate users said they still think vendors could do a better job of supplying them with personalized notification as soon as a fix or upgrade comes out.

"I think all companies should do this," said Andrew Dinsdale, manager of Internet services at The Phoenix Group, a database marketing company in Farmington Hills, Mich. "They're doing it on a more generic basis, but not one to one."

Dinsdale says a company might bury information about

a patch he needs in a "long-winded E-mail with information about other patches." Getting customized information about Netscape Communications Corp. software from Intrafire Group has enabled The Phoenix Group to improve its internal processes for updating software.

Schwab also elected to buy its Netscape software from Intrafire. Kwong gets E-mail notification about fixes, patches and upgrades and can then access an personalized Web page, where the software that Schwab has licensed can be downloaded.

"I don't have to sit there talking to anyone," Kwong said. "I can do it in the middle of the night if I want to. It's very flexible. I like that."

Longs Drug Stores Corp. in Walnut Creek, Calif., also subscribes to Intrafire and likes the added benefit of being able to download Netscape software from a less-trafficked site.

"The Netscape servers are usually pretty busy particularly during the business days," said Dave Klinezman, director of network technology services at the drugstore chain.

Intrafire provides software maintenance services for more than 50 products from 16 vendors, including Netscape, Informa Software, Inc., NetDynamics, Inc. and Open Text

How long are software vendors' product cycles?



■ Less than 3 months
■ 3 months
■ 6 months
■ 9 months
■ 12 months
■ Don't know

Source: Survey of 50 software vendors

Source: Forrester Research, Inc., Cambridge, Mass.

Corp. The cost of the Subscription service is 6% of the software list price. □

Balkan news

CONTINUED FROM PAGE 31

destroyed libraries (www.appl.com/mana/ingaiter.htm).

"There have long been sites on the Internet that were able to give wire service copy," he said. "At Domovina Net, you have everything. You have real-time broadcasts. You have multilingual renditions of the local papers. . . . Basically, everything you want to know is there or linked to the site."

DESPERATE FOR CONTACT It all started in early 1995, when Tigglezar met some Bosnians who had fled the onslaught of Serb nationalist forces and were desperate to keep in contact with relatives still caught in the war. Tigglezar let them use his home computer and Internet connection to send E-mail to Bosnia, where there were rudimentary connections set up via satellite between besieged Sarajevo and the outside world. His Bosnian friends then asked about starting a Web site with news from their country. That site was launched in May 1995. Domovina Net now attracts 25,000 to 50,000 visitors per week. They download about 3G to 9G bytes of data weekly.

Fredrag Joravnic, an engineering technician now living in the U.S., is one of many Bosnian expatriates who regularly use the site. Though he said he sometimes is frustrated by the nationalist tone of some broadcasts from the region, Joravnic said, "It's nice to hear news in my native language."

Tigglezar says he spends up to 24 hours each week working on the project and a related effort to develop a high-speed satellite link between Sarajevo and Amsterdam. In addition, he has a full-time job at the B&B Consultancy in Amsterdam.

The largest chunk of server space for Domovina Net is donated by and housed at an outside Dutch Internet provider, XS4All. But much of the audio and video production, such as converting satellite TV and radio programs to Web-ready RealAudio and RealVideo format, is done in Tigglezar's home, on several networked computers he also uses for his job.

Tigglezar said his windows have been smashed three times, apparently by a Bosnian Serb opposed to the site's stance favoring restoration of a multi-ethnic Bosnia. A suspect was arrested the third time and

deported, Tigglezar said. The International War Crimes Tribunals are tentatively scheduled to go live on Domovina Net July 14. Those who have been working to have those responsible for war crimes brought to justice are heartened by the effort.

"People who really want this information will be able to get it," even those living in Serbia and Croatia where local nationalist media are unlikely to broadcast the trials, said Redil-mayer, who testified before Congress as an expert witness on the genocide in Bosnia. "Every body will have a chance to come to terms with what happened. That's one of the best chances of preventing a repetition." □

'Thank you for helping our children'

Frank Tigglezar's first trip to the Balkans, in December 1995, was to bring donated computer equipment to a school in the Croatian village of Lenzani. That was shortly after Serb nationalist forces had been driven back five miles across the border to Serb-held Bosnia.

Tigglezar and Donat Tomic, who ran another Croatian/Bosnian World Wide Web site in Germany, decided to bring the equipment in themselves after they couldn't get customs documents required by the Croatian government for private shipping companies.

When quizzed about the equipment at Croatian customs, Tigglezar had only a letter from the Lenzani school to show. Two customs officers conferred for a long time, as Tigglezar worried the visitors were about to get very expensive. Instead, Tigglezar said, the customs officers readily responded, "Thank you, sir, for helping our children." He and Tomic found their way and waved them through.

The next problem: The village's telephone used old equipment with a nonstandard dial tone, so the modern Tigglezar had brought didn't work. He and Tomic found the region's sole computer store, and some knowledgeable workers there made the necessary modifications to the modems.

The school became Croatia's first school linked into university level to be connected to the Internet, Tigglezar said.

—Sharon Machlis

NEW PRODUCTS

INFORNA, INC. has announced Infurcon Quest Q97, a multilingual Internet metasearch tool.

According to the Territo, Calif., company, the tool streamlines the process of using multiple Internet search engines by taking a single query request and initiating the search request on more than 160 search engines simultaneously. The software also can check for broken and duplicate links and can bypass slow-moving graphics. Users can switch among English, German, Chinese and Japanese.

The product costs \$24.95. Infurcon
(951) 808-0986
www.infurcon.com

MIDCORE SOFTWARE, INC. has announced MidPoint Teamer, access software designed to

improve Internet performance over low-throughput dial-up connections.

According to the Middlebury, Conn., company, the software improves both viewing and downloading speeds. It works by aggregating the throughput of any mix of analog modems. The modems can be as fast as any manufacturer. A Download Doubler feature can cut download files in half and receive each half of the file through a different connection.

MidPoint Teamer costs \$29. MidCore Software
(703) 577-5370
www.midcore.com

FRAMEWORK TECHNOLOGIES CORP. has announced ActiveProject 3.0, software for build-

ing and managing engineering-project World Wide Web sites.

According to the Burlington, Mass., company, the software lets project participants use the Web to work with computer-aided design files, project schedules, spreadsheets, database queries and Web-enabled applications. It has a Web publishing component (ActiveProject Builder) that requires no programming knowledge and a server component (ActiveProject Server) that provides security, access control and user notifications. ActiveProject Builder costs \$2,995. Pricing for ActiveProject Server starts at \$9,995 for a 10-collaborator license.

Framework Technologies
(978) 270-6554
www.framework.com

Users scoff at hacking insurance

CONTINUED FROM PAGE 51

found a dramatic increase in the number and severity of incidents in which hackers broke in to corporate systems, often over the Internet. The 241 companies surveyed reported that average dollar losses from each security breach rose to \$2.8 million per incident, a 15-fold increase from the 1996 losses of \$181,400 for each attack. The corporations calculated network downtime, lost worker productivity and data, recovery time and additional manpower hours.

The TruSecure insurance will cover seven types of security breaches:

- Loss of Internet E-mail
- Loss of other Internet service
- Public defacement of the corporate Web page
- Unauthorized external network access via the Internet or the company's firewall
- Loss of Internet transactional system
- Malicious alteration, damage or destruction of sensitive data
- Loss of information by malicious eavesdropping

Gary Lynch, a security analyst at Gartner Group, Inc. in Stamford, Conn., said such a move could open up a Pandora's box, especially for public companies. For instance, it is conceivable that the ICISA underwriters and security team could investigate a site and find "six figures worth of security gaps."

"A firm that has serious flaws could find itself in big trouble if it doesn't have the funds to close the gaps within a reasonable time," Lynch said. "Not only can they not get insured until they're fixed, but the company is in the unenviable position of having to fix the problem or risk a stockholder revolt because they're negligent."

"It sounds like a lot more trouble than it's worth," said a security manager at an oil company in Texas who requested anonymity. "The return on investment

doesn't seem that great. In our shop, a single security breach could easily cost us in excess of \$100,000 in terms of lost data, downtime and recovery."

Mark Gembeck, president of security research firm Warroom Research, Inc. in

Annapolis, Md., said he sees potential problems with trying to insure corporate data against hackers. How does a company arrive at a hard and fast, quantifiable metric on the value of its data?

"I don't think hacker insurance is the answer," Gembeck said. "You're putting up a white flag and telling your corporate security staff that you have no faith in them and would rather invest in an insurance policy."

Despite all the hype surrounding computer security, users and analysts agreed that common sense is still the best and most economical answer.

"That means assessing your environment, putting the proper security procedures and policies in place, educating your network managers and end users and enforcing the policies," Turle said. "Investing in training your own people is the best insurance policy of all." □

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Briefs

How satisfied are you with encryption?



Base: Survey of 413 U.S.-based companies

Source: Computer Security Institute, San Francisco
Data Research Inc., Redwood City, Calif.

Cisco responds

Cisco Systems, Inc. last week responded briefly to a patent infringement suit recently filed by Lucent Technologies that claimed Cisco infringed on eight of its data networking patents. "We currently believe the Lucent suit has no merit," said Larry Carter, Cisco's chief financial officer, in a prepared statement. "We are also prepared to assert Cisco's intellectual property rights and technology leadership." Lucent seeks unspecified damages and an injunction prohibiting Cisco's alleged use of its patents in the future.

Memco buys AbirNet

As part of the continuing consolidation in the security arena, single sign-on security vendor Memco Software, Inc. in Redwood City, Calif., recently completed its acquisition of AbirNet Ltd., a maker of network intrusion detection software in Dallas. Memco will integrate AbirNet's SessionWall-3, which continuously monitors networks to identify Internet-based attacks, intrusions or internal network abuses with its SeOS software. A spokesman said the first version of SeOS is expected to ship within the year.

Service helps users sift out spam

By Roberto Fianaro

A SMALL Internet service provider in North Carolina is finding that protecting its users from unsolicited E-mail is easier when a team of spammers is watching out for you.

Several hundred of the 5,000 messages received every day by Internet of the Sand Hills are spam, according to Beth Morgan, systems administrator at the Southern Pines, N.C. Internet service provider.

She is using MailFilter from Berkeley Software Design Inc. in Colorado Springs, to try to reduce customer complaints about unsolicited mail.

NOT FOR KIDS

Most of the spam mail is adult-oriented Internet postings, "which was a big concern because many of the customers were families and their kids were getting stuff like this," she said. The 2-year-old Internet service provider has six employees responding to complaints from its 200 customers.

Internet of the Sand Hills previously used software called "sendmail" — which routes about 75% of all Internet mail — to reject mail. Now Morgan depends on Berkeley Software Design's spam-filters, who can scan the E-mail environment for spam and security information, then update the filters and algorithms at MailFilter via an intranet.

"The service is doing a lot of work that I used to do myself," Morgan said.

Morgan said she chose MailFilter because she had been using Version 3.0 of Berkeley Software's BSDI operating system on the company's servers.

MailFilter tests mail based on "spam criteria" such as domain name servers used or subject line and issues the mail to an administrator who can reject it, flag it for the user and send it on with a warning, or quarantine the E-mail message for further use. Administrators auto-

Service, page 58

All-purpose monitors

• Net managers watch other equipment, too

By Patrick Dryden

TO KEEP AHEAD of competitors, San Francisco-based Pacific Gas & Electric Co. sought to manage more than just the devices on its network.

It wanted a single console that could help watch not only routers and servers but also devices outside the information systems realm — anything with a command interface and messaging capability. It uses Max/Enterprise from Buco & Babbage, Inc. in San Jose, Calif., to automate the way the central staff responds to situations reported by power control systems and building management systems as well as by network devices, mainframe servers, distributed servers and applications.

Getting "leap and mean" has reduced downtime caused by

Monitors, page 58



Users warm up to Gigabit Ethernet

By Bob Wallau

WHEN SAN Jose's Patel didn't think he would need Gigabit Ethernet until year's end, soaring network traffic persuaded him to get his company, GMAC Commercial Mortgage, an upgrade in February.

Other users also will have visions of faster networks — the Gigabit Ethernet standard was expected to be approved late last week, as Computerworld went to press.

Patel's backbone network had run at 100M bit/sec., but growth in traffic from imaging and video-streaming applications had increased rapidly. Gigabit Ethernet was the easy answer because it provides 10 times more potential bandwidth without an

expensive or painful technology change.

"We had some performance issues running image loan documents across our network and wanted to make sure that we have plenty of bandwidth to accommodate other things such as traders watching CNN live

on our trading floor," explained Patel, chief information officer at GMAC in Hershman Pa.

"Plus, our company had grown through acquisitions from 54 people in 1994 to 1,200 now and expects to maintain that pace. So we needed to be performing proactive capacity planning," Patel said.

GMAC uses Gigabit Ethernet equipment from 3Com Corp. and plans to deploy the technology in some of the other buildings on campus, Patel said.

Like wire with traffic climbing and a band-width-hog application in the works, Gigabit Ethernet was a good choice for Sean Gillett, manager of information systems at credits and authorization giant CardSecure International, Inc. in Agoura Hills, Calif.

Gigabit Ethernet, page 58



Service sifts spam

CONTINUED FROM PAGE 57

atically receive a daily incident report.

Mark Levitt, an analyst at International Data Corp. in Framingham, Mass., said there are upward of 30 or 40 filtering products and/or products with filtering features on the market that deal with unsolicited bulk e-mail. Other vendors include Trend Micro, Inc. and McAfee Software, Inc. But MailFilter is the only one designed as a complete system and backed up

by a service, he said.

Mail filtering products may be useful but aren't the ultimate answer to spam, Levitt said, because "one man's spam is another man's direct mail." Filtering products must be able to be customized to the individual or corporate subscriber can decide on acceptable levels of unsolicited mail, he said.

John Morena, a representative of the Coalition Against Unsolicited Commercial E-mail,

MORE ONLINE

For resource links on Internet-wide anti-spam efforts, visit www.computerworld.com/stove

noted that filtering products tend to weed out the user complaints that can help sic webmasters on spammers. "The products can help win individual battles, but they won't win the war," he said.

MailFilter costs \$43.95 per box and for a four-month subscription. The service costs \$2,400 per year after that. □

Users warm up to Gigabit Ethernet

CONTINUED FROM PAGE 57

"We were running at about 30% to 35% capacity already on our [100-Mbit/sec. Fiber Distributed Data Interface] backbone and were planning an imaging application that we knew would require much additional capacity. So we made sure we would have room to grow," Gilbert said. "We get much better performance now for our merchant management and 3270-emulation applications as well." The company uses Gigabit Ethernet equipment from Cabletron Systems, Inc.

10 BITS/SEC.

Data traffic can be sent over fiber-optic cable at up to 10 Gbit/sec. with Gigabit Ethernet.

It is a logical extension of 155-year-old Ethernet technology and can be installed with

minimal disruption.

Although the standard was expected to be approved just last week, Gigabit Ethernet has been used for more than a year to build backbone data networks

MORE ONLINE

For resource links on Gigabit Ethernet, visit www.computerworld.com/stove

www.computerworld.com/stove

with up to 10 times more speed than today's widely used 100-Mbit/sec. Fast Ethernet backbones.

The market for Gigabit Ethernet switches and adapter cards is poised for huge growth; North American switch sales are projected to skyrocket from

\$4.7 billion last year to \$4.45 billion in 2001, according to a May research report by Dataquest in San Jose, Calif.

Gigabit Ethernet also can provide faster pipes into servers. But users who consider that should first test their operating system and their applications to be certain they can handle the extra speed, said Tom Nolle, president of CIMA Corp., a Voorhees, N.J., consultancy.

Although it has helped Patel and Gilbert with their big-bandwidth applications, Gigabit Ethernet isn't for the masses.

"You need 300 to 500 switched desktops to [fill] one Gigabit Ethernet port," Nolle estimated. "And given that 80% of all desktops aren't switched, Gigabit Ethernet isn't for everyone." □

All-purpose monitors watch the whole shop

CONTINUED FROM PAGE 57

human intervention, freed staff for other jobs and saved \$4.5 million in the past two years, said Joe Soldavilla, automation project manager at PG&E.

Other users, linking IS and business groups to find a competitive advantage in technology, also are interested in extending traditional management tools to handle diverse devices, said Bill Gorman, an analyst at Gartner Group, Inc. in Stamford, Conn.

The same techniques that warn information systems operators about an impending server crash can also warn them about cooler problems at one of a retail unit's stores, for example, so field technicians can fix it before the ice cream melts.

CUSTOM AGENTS

Most user and vendor activity focuses on developing custom agents for big management suites and adapting standard Simple Network Management Protocol (SNMP) tools, Gorman said.

Atlanta's metropolitan transit authority is working on satellite-linked agents for Unicenter from Computer Associates International, Inc. so central operators can track buses on a console displaying a city map.

Some military organizations are even adapting Unicenter to keep track of vehicles and troops, said Sam Greenblatt, vice president of advanced technology at CA in Isla Vista, N.Y.

Every door at one Swiss bank has a network address and agent so security officers can log activity from a Tiroler Man-

agement Environment (TME) console and tell if one is left ajar, said Martin Neath, senior vice president of product development at Tiroler Systems, Inc. in Austin, Texas.

Custom agents make sense in such special circumstances, Neath said, but Java is the way to go for broad support. For example, he said a telecommunication company is testing a Java agent for TME so its telephones can download not only services, but also applets that configure and diagnose the equipment.

Yet there are simpler ways to check on remote devices without installing a complex suite — if the device contains an embedded operating system.

For example, SNMP Research International, Inc. offers a translator called the Legacy Adapter to Internet. This tiny box connects to a device's serial port, converts incoming ASCII messages to a standard management database and provides meaningful status information over Ethernet to any SNMP network management console.

Telecommunications companies use it to manage public branch exchange systems, said Jeff Case, chief technical officer at SNMP Research in Knoxville, Tenn. An Australian railroad uses it to monitor infrared sensors mounted on its tracks, so safety operators can detect overheated axles as trains pass overhead. Alerts signal which cars should be removed and repaired before breakdown, or, even worse, derailment, he said. □

NEW PRODUCTS

GADZOOK NETWORKS, INC. has announced the Gibraltar GL, a modular Fibre Channel hub for the midrange server market.

According to the San Jose, Calif., company, the hub was designed for Windows NT and Unix servers whose applications require the high performance of Fibre Channel, but whose system needs are for lower storage capacities and fewer ports.

It can house up to six ports. The ports may be populated with any mix of copper and/or optical Gigabit Interface Converters.

An unpopulated hub costs \$5,995. Copper Gigabit Interface Converters are \$60 per port, and short-wave optical

GBICs are \$450 per port. Gadzook Networks (408) 350-4950 www.gadzook.com

STARLIGHT NETWORKS, INC. has announced StarCenter, software to manage the storage, delivery and access of network streaming media — usually video — applications.

According to the Mountain View, Calif., company, the client/server software brokers requests between application servers and media servers, delivers different content versions based on available bandwidth and can report on usage trends.

Pricing for StarCenter begins at \$35,000. Starlight Networks

(650) 960-2774 www.starlight.com

IP METRICS SOFTWARE, INC. has announced NIC Express, load balancing software for network interface cards.

According to the Eulless, Texas, company, it improves the fault-tolerance and performance of Windows NT network servers by connecting multiple cards in an array. If a card fails, NIC Express re-distributes the load without loss of connection. It alerts via SNMP traps and can give performance gains up to near-Gigabit Ethernet speeds. It costs \$195 per server.

IP Metrics (817) 358-1007 www.ipmetrics.com

Snapshot

Reasons for buying business continuity services (1 = least important, 5 = most important)

Virus protection	3.8
Data security	3.6
Insurance	3.6
Credibility with clients	3.7
Reliance on networks	3.5
Risk of hardware or software failure	3.4
Failure of internal backups	3.3
Year 2000 problem	3.3
Risk of fire or flood	3.2
Risk of power failure	3.2

Source: Random survey of 100 Fortune 1,000 companies

Source: IDC, Mountain View, Calif.

Software

Database • Development • Operating Systems

Briefs

Where the consultants are

Number of consultants in the Americas for each software application specialty:

SAP	14,100
PeopleSoft	6,250
Oracle	5,250
Baan	2,000
J. D. Edwards	1,500
Lawson Software	1,050
SSA	800
Geac	750
QAD	750

Source: Gartner Group, Inc., Stamford, Conn.

ADP overhauls service centers

► New system should pay for itself in two years

By Kim Glurd

WHEN HOWARD KOENIG arrived at Automatic Data Processing, Inc. (ADP) two years ago, he pondered a puzzling problem for the paycheck processing giant: how to overhaul legacy systems that hampered call center service and threatened customer retention.

Although the company's 40 regional service centers — staffed by 8,000 users who handle 80 million calls annually —

are ADP's bread and butter, users shared no common software to track human resource records, benefits information and payroll services for the company's 400,000 clients, said Koenig, ADP's corporate vice president.

Some service center representatives used mainframes, others worked on sluggish PCs. They tapped information from 40 nonintegrated databases and toggled among 350 mainframe screens. They couldn't work well in teams or share data.

ADP is undergoing a dramatic technology turnaround that is boosting service levels.

"We have associates in nine cities, and we were finding timely and accurate communications difficult," said Jonathan Nord-Crane, a technical services manager at ADP in Atlanta.

But ADP is undergoing a dramatic technology turnaround that is boosting service levels and shortening call response times to under two seconds.

The company, which has \$4 billion in annual revenue, committed more than \$35 million to hardware, software and services — including 50 Microsoft SQL servers running on Windows NT.

Clarify, Inc.'s Clear Support customer support system and a new system that links computers to a Lucent telephone switch so customer data immediately displays on a PC with an incoming call. ADP hired Cambridge Technology Partners to help integrate the system, which is expected to pay for itself within two years.

"That's a very reasonable and, frankly, a conservative number," said Carter Lusher, an analyst at

ADP vice presidents Howard Koenig and Helen Roberts are overseeing the \$35 million systems conversion

Gartner Group, Inc., a Stamford, Conn.-based consultancy. So far, hauling information from the legacy mainframe environment and making it accessible on one system has proved the biggest challenge, Koenig said.

"Some of our applications were OS/2-based; some were IBM mainframe," he said. "Particularly for the IBM legacy mainframe stuff, the gateways to our legacy data didn't exist — and still don't."

"The challenges were just enormous," said Helen Roberts, vice president of operations and client services at ADP. She is an 18-year ADP veteran who passed over a year ago on project to take on the call center overhaul. "There were integration issues and so many departments," she said.

The project kicked off last July, and the company expects to roll it out to 3,000 users by the end of the year.

ADP, page 62

Win 98 makes sense for some. Here's who and why

Systems administrators would do better with NT

By Kenneth I. MacLeish

TO SERVICE SYSTEMS MANAGERS into installing Windows 98 across their users' systems, Microsoft Corp. is positioning the product as a uniform replacement for the five variations of Windows 95 in common use. Having everyone on the same operating system is the dream of any administrator, but even if Microsoft doesn't repeat its past tendencies to deliver product updates later, is Windows 98 worth the hassle? After all, it is mainly a collection of bug fixes and minor performance enhancements.

Systems administrators, page 62

PRODUCT REVIEW



► Windows 98

MICROSOFT CORP.
Redmond, Wash.
(800) 426-9400
www.microsoft.com

Price: \$109

Benefits seen for power users, remote offices

By Chris DeVincy

IS WINDOWS 98 worth the upgrade? Although Windows 98 is mature enough and offers enough benefits to come with any new computer, it doesn't offer enough benefits to warrant automatically upgrading any machine.

There are some major features, such as faster performance and changes in the user interface, that impact all users.

Programs such as Microsoft Excel and Word, for example, load faster under Windows 98. But the time difference is just a few seconds.

Benefits, page 62

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and Manageability.

Long-Term
Cost Control.



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The E-4200 series PC delivers next-generation Intel® Pentium® II processor 350MHz and 400MHz technology at an unbelievable value. Plus high-end performance is made possible as the system bus speed is increased to 100MHz and AGP video improves with the Intel 440BX AGPset. Combine all this fresh technology with industry-leading manageability features and you not only extend system life cycles, but also reduce total cost of ownership.

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Systems administrators

CONTINUED FROM PAGE 58

The quick answer is "It depends." For Windows 95-based companies that don't plan to switch to Windows NT any time soon, the advantages of Windows 98 will typically be worth the installation effort. But for companies that use Windows 95 or plan to switch to NT in the near term, it is better to bypass Windows 98.

Systems managers who will make the Windows 98 upgrade will be pleased that Microsoft has added installation enhancements and maintenance tools.

For installers rolling out Windows 98 to hundreds or even

For companies that use Windows 9.1 or plan to switch to NT in the next year, it is better to bypass Windows 98.

thousands of systems, Microsoft is developing the Windows 98 Image Preparation tool. The tool (currently in beta testing and not scheduled to accompany the initial Windows 98 release) should speed and streamline the configuration process.

The tool removes all registry references specific to the host PC, then lets you work with cloning software, such as Binary Research International's Ghost, to load an image of the operating system and applications on each user's PC. When a user's PC is restarted, Windows 98 detects its specific hardware and sets up the registry accordingly. The associated Batch 98 tool allows the creation of a script to automate the process and provide network settings.

A defragmentation utility,

called the Intel Application Launch Accelerator, is an adaptive program that tracks and groups frequently used files to allow quicker starts. Automating these sorts of routine maintenance tasks can be an enormously effective part of a preventive maintenance program. Device drivers are frequently the bane of support staff, who often waste hours browsing the Internet for the correct sound, video or network card driver. Microsoft has tried to improve that situation in several ways with Windows 98.

One way is by promoting the Win32 Driver Model, which is intended to allow users for Windows 95 and NT.

That may help future hardware, but Microsoft also

offers help for current systems. For Internet-connected PCs, the Windows Update feature seeks to automate the search/download/install process by connecting to Microsoft's database of compatibility-tested devices and then automatically detecting, downloading and installing the correct drivers. (Microsoft says it doesn't record any user configuration data when this feature is used.)

Finally, Microsoft has an uninstall option during setup that will let you revert to your previous Windows installation in case there is a BIOS or other irreparable conflict with your PC. Be sure to use it.

Once you have successfully installed Windows 98, you can take advantage of some new maintenance features.

For example, the Dr. Watson troubleshooting utility (already a feature of NT) is a big plus for a corporate information technology staff. The user-friendliness of Dr. Watson's interface has been stepped up, with dialog boxes that are more clear and informative than the code-laden variety in NT. The improvements should help hardware support staff to not only fix problems, but also proactively and adaptively prevent them.

AUTOMATED TASKS

The new Maintenance Wizard centralizes tasks such as automated disk scanning, deleting unwanted files and defragmenting, and it helps speed the boot process by offering limited editing of unwanted start-up programs.

One of the best enhancements — already in Windows 95 OS Release 2 — is the FAT 32 file system, which allows more efficient space usage and improved performance with drives larger than 2GB bytes. That should slow the demand for more disk media.

Microsoft has added a simple conversion tool to make it easy to use FAT 32 on existing systems. You can convert to FAT 32 during Windows 98 installation or do it later.

However, note that Windows NT doesn't yet support FAT 32, so this feature shouldn't be used on dual-boot PCs.

The built-in support for Universal Serial Bus (USB) — which is improved from Windows 95 OS Release 2 — and IEEE 1394 (FireWire) devices isn't likely to make a difference to many existing installations because USB devices are still scarce and because FireWire devices are practically nonexistent. But the potential for those fast interfaces, at 12MB/byte/sec. for USB and up to 400MB/byte/sec. for FireWire, is enormous. With Windows 98, you will be ready for them.

One advantage that Windows 98 doesn't bring is better security. Windows 98 has the same weak password protection and open, unsecured access as Windows 95 — it is no Windows NT surrogate.

Although Windows 98 isn't a necessary upgrade for most companies, it does have benefits for some, and Microsoft has improved the tools to install and maintain it — welcome support for systems administrators. □

MacLeish is technical specialist at Client/Server Labs (www.cslinc.com) in Atlanta, a primary test partner of Computerworld.

Benefits seen for some

CONTINUED FROM PAGE 58

Unfortunately the biggest logjam, start-up of the operating system, isn't improved over Windows 95.

So who should move?

SELECTIVE USERS: YES

Certain users should step up to Windows 98: power users, those who use the World Wide Web heavily and users with disabilities.

Power users, who run several applications at once, can harness the various performance improvements, including the better system response when switching among tasks. Web users can take advantage of the improved TCPIP stack, which moves information faster between the computer and the network or Internet.

Disabled users can more easily control Windows accessibility features with a new wizard. And Windows 98's screen magnifier makes the display readable for those with mild to moderate visual impairment.

DEVELOPERS: YES

Application and Web development tools load faster, and developers will depend on Windows 98's improved responsiveness. The ability to support several monitors at once (an ability supported on only a handful of video boards) can make developers more productive by displaying their programs or scripts on one monitor and the running program/Web page on a second monitor.

ROAD WARRIOR: MAYBE

Because Windows 98 staggers on resource-poor notebooks, don't bother upgrading if your notebook's disk drive has less than 100MB of free space or the system has less than 32MB of RAM. If you have the

resources, Windows 98 does a better job handling PC cards with more than one function, such as combination network/modem cards and the new 3.5V cards. A wizard makes Dial-Up Networking easier. TCPIP-based communications are faster, and support for virtual private networking and using multiple modems for faster connections is built in. Additionally, the FAT 32 file system should free up valuable disk space for notebook users working in stand-alone environments, far away from the network and its backup capabilities.

REMOTE OFFICE: YES

Because workers in remote offices don't have the support of a local help desk, Windows 98's robustness and its diagnostic tools make it an ideal choice for remote office users. If a problem occurs, Windows 98 can easily bypass an errant device driver, easily edit the start files to diagnose problems and give more detailed debugging information via the improved Dr. Watson utility.

AVERAGE CORPORATE DESKTOP: MAYBE

Corporate managers want Windows 98 to reduce desktop-related support, maintenance and operation costs. Windows 98 might do that, but not yet. Performance benefits aren't enough to justify the upgrade for the corporate user. And many users don't need a user interface that doubles as a browser. But you should revisit the upgrade issue late this year for desktops that aren't moving to Windows NT. □

DeVosy is a freelance writer in Seattle. He can be reached at chrud@cyberlink.com.

ADP overhauls service centers

CONTINUED FROM PAGE 52

The company tested the system with six people before sending it to engineering to be customized.

"Typically, pilot [projects] send users into hiding," Roberts said. "This had tremendous pull."

Tom Mueller, a client services manager in ADP's Atlanta office, said he now simply clicks the mouse for a full view of who is working on an account, a description of pending issues and customer call history.

Mueller can toggle among five screens easily on his Windows NT PC and use one interface to drill down to the main

frame to access client payroll history.

"You can be a lot more proactive with your client," said Mueller, who recently tested new software in a trial lab at ADP headquarters that lets representatives click on a customer name to automatically dial that person's telephone number.

Along with keeping workers happy, Koenig said, the technology is key to keeping ADP on top in payroll outsourcing.

"Client service expectations are rising," he said. "We need to be considered a world-class service company." □

NEW PRODUCT

SYNAPTIC CORP. has announced Synaptic Mobile Update, software that lets mobile users update critical files, such as presentations or price lists, via E-mail.

According to the Cupertino, Calif., firm, the client/server software uses 14,995 for a 100-user server gateway to detect and deliver changes made to selected files. Binary compression is used to shrink

spreadsheet or text document changes before they are sent as E-mail attachments. When the E-mail attachments are launched, the software automatically applies all changes on the user's hard drive. It costs \$4,995 for a 100-user server gateway and \$50 per client.

Synaptic
(408) 953-9600
www.synaptic.com



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Servers & PCs

Large Systems • Workstations • Portable Computing

Briefs

STILL ALIVE*

Are network computers viable for your organization?



* 34% of those said they will standardize in a year

Based on survey of 100 IT managers responsible for an average of 3,500 users with last survey conducted 10/97. Consulting Group, Inc.

For sale: Small used mainframes

By Jitumar Vijayan

IBM has an offer for midsize corporations looking for the performance and capacity of small mainframes but unwilling to put down the dollars required to buy a new one. The company last week

run less-crucial applications or to add capacity quickly to handle their year 2000 work, said Peter Matthews, IBM's director of global remarketing.

Under the program, IBM's partners will sell or lease used first-generation CMOS-based machines and used storage and

midrange systems, PC servers and storage subsystems — since 1987.

So far, IBM's direct sales force has handled the marketing of large refurbished mainframes, while its business partners have focused on the smaller systems.

The value of used mainframe equipment depends very much on the application environment. The lower hardware costs make it appealing for users looking to quickly add capacity or off-load less-critical applications from their main systems. But users looking for pure performance may not see much benefit because of software and support costs, analysts said.

So far, the market for used mainframe systems has been muted, and IBM is the only company offering the systems. A survey last year by Soundview Financial Group, Inc. in Stamford, Conn., revealed that only 21% of mainframe sites surveyed said they would spend a larger portion of their budget on used equipment than the

For sale, page 68

Sale and leasing of refurbished IBM equipment:

- Lets customers buy or lease used IBM PCs, PC servers, S/390s, RS/6000s, AS/400s, networking or storage devices
- Allows for custom reconfiguration
- Qualifies for IBM service and support
- Established since 1987

launched a program under which its business partners and resellers for the first time will offer small — 190 MIPS and smaller — refurbished CMOS-technology-based S/390 mainframes to small and midsize businesses.

The program also will benefit companies that already have IBM mainframes but want an inexpensive way to add more to

networking products for as much as 20% less than the cost of buying new hardware. The moves are part of the company's ongoing efforts to find new markets for used mainframes — systems that have been traded up for newer ones or returned to the company at the end of their lease periods. IBM has been reselling used equipment — including mainframes,

BUILD-TO-ORDER

CompUSA streamlines line of PCs

By Cheri Pagout

MAJOR U.S. RETAILER and reseller CompUSA Inc. last week announced a streamlined PC series that aims to strengthen the company's ability to compete in the build-to-order computer market.

CompUSA last week also announced an agreement with Tandy Corp. to purchase Tandy's Computer City subsidiary in a cash and note transaction valued at \$575 million.

On the manufacturing side, Dallas-based CompUSA is competing only with other build-to-order manufacturers and isn't in direct competition with other major PC makers whose products it sells, according to Rob Howe, vice president and general manager at CompUSA PC.

CompUSA, page 68

Desktop market on the move

► PC Expo debuts variety of hardware, tools

By April Jacobs

IN RECENT WEEKS, there has been lots of movement in the desktop, workstation and PC server market, with Compaq and Digital planning to merge lines, IBM piping in with managed desktops and Hitachi entering the PC server market.

Hitachi PC Corp.'s entrance into the commercial server market — which followed closely on the heels of Toshiba America Information Systems, Inc.'s — is being downplayed by industry analysts. They said the struggle-held top vendors such as IBM and Compaq Computer Corp. have on the market will make it difficult for second-tier vendors to thrive.

"This is something that all the Japanese vendors have been

dying to do, but the real question in everyone's mind is how they are going to get into the corporate market, since the top four players are already locked

Hardware unveiled at PC Expo included:

- Compaq servers and workstations
- IBM commercial desktops with management tools on-board
- Hitachi PC servers

in," said Amir Ahari, an analyst at International Data Corp. (IDC) in Framingham, Mass. "So far, the second-tier players have shown very little ability to seriously challenge the top four." The most recent to break in was Dell Computer Corp.,

which became a top-tier player several years ago.

On the desktop front, IBM has introduced an addition to its 390 line of PCs. Dubbed the 390GL, it costs \$1,400 and has a Pentium II processor and on-board management

that is equipped with the company's Universal Management Agent (UMA). That allows network or PC administrators to service the machine remotely for software upgrades or system

checks. There also is a remote wake-up feature.

ALL PART OF THE STRATEGY IBM's management-enabled desktops are part of an overall strategy to give customers more than hardware, said IDC analyst

Roger Kay. IBM isn't alone in doing so, he said. He cited Palo Alto, Calif.-based Hewlett-Packard Co.'s combination of systems management and hardware as an example.

"For a long time, [IBM officials have] had management and are increasing their focus on it, and they have had the goods, but haven't marketed it widely enough," Kay said.

On the server and workstation front, Houston-based Compaq has announced — as expected — that it will merge Digital's lines with its own, under the Compaq brand name. The new PC lineup will be almost entirely based on Compaq's current offerings, with additions to the server and workstation lines using Digital's Alpha-based platform for both Windows NT and Unix systems [CW, June 22] □

Servers & PCs

Large Systems • Workstations • Portable Computing

Briefs

STILL ALIVE?

Are network computers viable for your organization?

YES*
69%

* 34% of those said they will standardize in a year

Source: Survey of 163 IT managers responsible for an average of 3,500 users who have access to a network of 100+ PCs, Nov. 1997

Keyboards cleared

Digital Equipment Corp. in Maynard, Mass., has been granted a computer keyboard liability case filed against the company.

A jury examining evidence presented in the case in a U.S. District Court in New York earlier this month found against nine plaintiffs who had sued Digital. The plaintiffs had claimed that their upper-extremity injuries were caused by the company's keyboards.

Year-based servers

Data General Corp. last week announced its AV 5500 server, which features support for up to 64 of Intel Corp.'s Pentium III Xeon chips.

Single systems can support up to 64G bytes of memory and more than 100T bytes of Fibre Channel storage. Prices for the server range from \$100,000 to \$3.5 million.

300 MHz for \$1,100

IBM is set to debut a 300-MHz Aptiva consumer PC that costs about \$1,100. The Aptiva EB5 has a microprocessor from Advanced Micro Devices, Inc., 64M bytes of RAM, a 6.0G-byte hard drive and a modem. It costs \$1,099.

IBM is the first major PC maker to ship a PC with the new AMD processors. Customers can also choose a \$1,399 660 model with a 333-MHz Pentium III chip from Intel and 66M bytes of RAM.

For sale: Small used mainframes

By Jaisamir Vajyan

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Desktop market on the move

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So far, the second-tier players have shown very little ability to seriously challenge the top four. "The most recent to break in was Dell Computer Corp.,

which became a top-tier player several years ago.

On the desktop front IBM has introduced an addition to its 300 line of PCs. Dubbed the 300GL, it costs \$1,400 and has a Pentium III processor and on-board management that is equipped with the company's Universal Management Agent (UMA). That allows network or PC administrators to service the machine remotely for software upgrades or system checks. There also is a remote wake-up feature.

ALL PART OF THE STRATEGY

IBM's management-enabled desktops are part of an overall strategy to give customers more than hardware, said IDC analyst

BUILD-TO-ORDER

CompUSA streamlines line of PCs

By Chen Paquet

MAJOR U.S. RETAILER and reseller CompUSA Inc. last week announced a streamlined PC series that aims to strengthen the company's ability to compete in the build-to-order computer market.

CompUSA last week also announced an agreement with Tandy Corp. to purchase Tandy's Computer City subsidiary in a cash and note transaction valued at \$295 million.


On the manufacturing side, Dallas-based CompUSA is competing only with other build-to-order manufacturers and isn't in direct competition with other major PC makers whose products it sells, according to Rob Howe, vice president and general manager at CompUSA, page 68

We are not cannibalizing other business.
— Rob Howe, CompUSA

Roger Kay IBM isn't alone in doing so, he said. He cited Palo Alto, Calif.-based Hewlett-Packard Co.'s combination of systems management and hard ware as an example.

"For a long time, [IBM officials have] had management and are increasing their focus on it, and they have had the goods, but haven't marketed it widely enough," Kay said.

On the server and workstation front, Houston-based Compaq has announced—as expected—that it will merge Digital's lines with its own, under the Compaq brand name. The new PC lineup will be almost entirely based on Compaq's current offerings, with additions to the server and workstation lines using Digital's Alpha-based platform for both Windows NT and Unix systems [CW, June 22] □



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Imega expects loss, layoffs

By Mary Lethbrith D'Amico

THOUGHT Imega Corp., maker of removable disk and tape drives, including the Zip drive, said it expects a net loss of \$25 million to \$35 million for the quarter that ended Saturday. That is a bigger loss than originally anticipated.

Imega also announced cost-cutting measures, including a layoff of up to 700 people to save \$50 million, which it said would help generate a profit in the fourth quarter. However, Imega doesn't expect a profit

for fiscal 1998, the statement said.

The Roy, Utah-based company partly attributed the anticipated poor results to lower margins from sales of its products through resellers. Imega reported a large loss in the previous quarter, blaming lower shipments of its products.

Other cost-cutting measures include restructuring efforts to shorten the company's supply chain and reduce inventory and cutting production costs for its line of Zip drive products.

Although it is selling increas-

ing numbers of Zip drives through resellers known as original equipment manufacturers (OEM), the company must adjust its business model to cope with the higher-volume, lower-margin OEM business, Imega said.

One such OEM is Compaq Computer Corp., which recently decided to include a 100-Mbyte Zip drive as a standard feature in several of its new Presario desktop computers. □

D'Amico writes for the IDG News Service in Munich.

Sun, IBM debut Web bundles

By Jalkman Vajyan

CALL IT an effort to take some of the grunge work out of Internet serving.

Sun Microsystems, Inc. and IBM recently announced software and hardware that makes it easier for Internet service providers to install and deploy World Wide Web servers.

IBM's new RS/6000 Powerstation package features an RS/6000 server, a secure version of its AIX software for service providers, Lotus Development Corp.'s Domino Go Webserver and one year of consulting services at prices that start as low as \$10,000.

Mountain View, Calif.-based Sun last month will start shipping a new version of its Solaris operating system aimed specifically at service providers.

The software will come with

new security features, configuration and replication tools, browser-based administration software and performance monitoring tools. Prices start at \$5,999.

Preconfigured bundles such as those help service providers cut down the time and effort required to manage large Web server networks, while freeing them up to focus on service delivery, according to Jean Borman, an analyst at International Data Corp. in Mountain View, Calif.

"By bundling the functionality at the operating system level, Sun has tuned Solaris specifically to meet the needs of service providers and their customers," said Audrey Curtis, a vice president at AT&T Labs' Internet Applications Services Laboratory in Basking Ridge, N.J. □

For sale: Small used mainframes

CONTINUED FROM PAGE 45

previous year. Part of the reason for the low interest in used systems is that mainframe users seeking additional performance typically go with the latest technology and processors rather than paying less for older technology, said Dan Kaberon, Parallel Sysplex project manager at Lincolnshire, Ill.-based Hewitt Associates, Inc. Hewitt is one of the country's largest outsourcing of human resources management services.

"Our capacity requirements have always been at the level where we have needed to get the biggest machines and the

newest generation we can get," Kaberon said.

But Hewitt — an all-CMOS-mainframe shop that uses a systems mainframe cluster — has a handful of refurbished mainframes for less-critical functions such as a coupling facility, Kaberon said.

Although the lower hardware cost could help bring used systems into small and midsize companies, sometimes the price difference between used and new systems isn't all that great when other factors such as maintenance and software costs are taken into account, said

Rick Baylor, a regional sales manager at Real/ESP, an IBM partner in Wilson, Conn.

The cost of maintaining older mainframes, especially IBM's pre-CMOS generations, takes much of the luster off used systems, said Carl Greiner, an analyst at Meta Group, Inc. in Stamford, Conn. Maintenance costs between \$7 and \$100 per MIPS for some of IBM's older water-cooled systems compared with about \$20 to \$25 for CMOS systems, he said. So the market for older refurbished systems in particular has begun drying up, Greiner said. □

NEW PRODUCTS

WORKSTATION TECHNOLOGIES, INC. has announced the Iliad, an Ultra Peripheral Component Interconnect-based workstation.

According to the Fremont, Calif., company, the workstation runs the Solaris 2.6 operating system from Sun Microsystems, Inc. It is available with a 100-MHz processor, a 4.3-Gbyte ultrawide SCSI disk drive, 64-Mb bytes of RAM, a 30-speed CD-ROM drive and a 19-in. color monitor. The workstation costs \$4,250.

Workstation Technologies
(800) 669-1966
www.wttech.com

THE PARMA PROJECT, INC. has announced the Rock City ST-400, a PC featuring either a 400- or 350-MHz Pentium II processor from Intel Corp.

According to the Boca Raton, Fla., company, the PC comes with six expansion slots, up to 384-Mb bytes of SDRAM, a 56-Kb modem, a three-dimensional sound card and a 100-MHz bus. The unit's most distinguishing features are its 10.5-in. aluminum cube design and its "on point" mounting setup that gives it the illusion of hovering above its desktop perch. Optional colors include cobalt blue and black with an interconnected lighting motif.

A system with a 350-MHz processor starts at \$2,395, and one with a 400-MHz processor starts at \$4,395.

The Parma Project
(888) 760-1499
www.vocality.com

CHEM USA CORP. has an-

nounced the 330nT, a notebook featuring either a 266-MHz Intel Corp. Mobile Pentium processor or an Advanced Micro Devices, Inc. 300-MHz Mobile K6 processor.

The Newark, Calif., company said the system comes with from 32-Mb bytes to 96-Mb bytes of RAM, 512-Kb bytes of cache, a 12.1-in. SVGA screen, a 64-bit Peripheral Component Interconnect graphics engine, a 24-speed CD-ROM and 16-bit, three-dimensional surround sound. It also can accommodate one Type III or two Type II PC cards. Other options include an external charger, a car adapter and a 56K bps/sec. PCMCIA fax/modem. Prices start at \$1,449.

CHEM USA
(510) 608-8818
www.chemusa.com

Gateway fined for violations

By Nancy Wail

GATEWAY 2000 has been fined \$420,000 for violating export control requirements by shipping PCs to 16 countries, including Iran, Syria and China, and for falsifying records, the U.S. Department of Commerce Bureau of Export Administration said in a statement.

On 31 separate occasions between February 1992 and April 1993, Gateway exported computers without valid export licenses, the department alleged.

Besides being aware of the license requirement, Gateway 20

times filed shipper's export declarations containing false or misleading statements, the department alleged.

All told, Gateway is accused of 87 violations of federal export administration regulations. The company cooperated with the department investigation and has agreed to pay the civil penalty to settle the allegations, according to the government statement.

Gateway couldn't be reached for comment at press time. □

Wail writes for the IDG News Service in Boston.

CompUSA

CONTINUED FROM PAGE 45

"We are not cannibalizing other businesses," he said.


The American Pro line was designed for CompUSA's core customers — small to medium-size business users and high-end users employed in corporations, education or government agencies. The computer company combined its American Pro and American build-to-order lines, announced last September, into a single product line, the "new" American Pro series,

to offer a full range of prices and features, CompUSA said.

The line will offer build-to-order configurations with processors ranging from a 266-MHz Intel Celeron to a 400-MHz Intel Pentium and priced between \$800 and \$4,000.

"Now there are two choice trails: the flexibility series, which allows customers to use what and how to configure their system, and the integrated series, which gives users video and sound options," Howe said. □

Paquet writes for the IDG News Service in San Francisco.



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COMPUTERWORLD

Data Warehousing

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Briefs

Improved queries

Cognex, Inc. has announced Version 5.0 of its proprietary query- and report-authoring product. It was designed to help users construct queries from their data warehouse. It includes a World Wide Web-based tool for designing data. Improvements run on Windows 95, 98 and NT 4.0 systems. The user version costs \$499; the administrator version costs \$899.

Microsoft metadata

Brio Technology, Inc. has added Microsoft SQL Server metadata support to Informatica Corp.'s Metadata Exchange bridge software. The bridge connects Brio's Enterprise querying tools via SQL Server to the metadata in Informatica's PowerMart data warehouse suite. The bridge is free to Informatica and Brio customers.

Simplified data mining

SAS Institute, Inc. has announced data mining software to access data warehouses. SAS/Enterprise Reporter uses the Microsoft Corp. Office interface. The reporting tool was designed for enterprise users who access data through templates. The software starts at \$49,999 for 50 users. SAS/Enterprise Reporter works with SAS-compatible data warehouses.

BUILDING BLOCKS

Percentage of data warehousing users who will need specific analysis and access tools:

Tool	% of users
Desktop online analytical processing (OLAP)	70% to 80%
High-end relational OLAP	10%

Multidimensional OLAP	5% to 10%
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Data mining	5%
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Data visualization	5%
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Note: Many users need more than one tool, so numbers don't total 100%.

Source: International Computer Press, Inc., Cambridge, Mass.

Metadata standards to aid warehousing

By Linda Wilson

MUHAMMAD RIFAIE, for one, is eager for a metadata standard. "Our warehouse architecture is so complex that we consider metadata to be the glue to hold it together," said Rifaie, manager

of the data management group at the Royal Bank of Canada in Toronto.

Metadata is a set of facts about data and other elements in the warehouse, such as where the data came from, what happened to it on the way to the warehouse and what business definitions or formulas apply to it.

But without an integrated, consistent set of metadata,

users aren't likely to be confident using the warehouse's data for mission-critical analysis.

Because there is no metadata standard, the bank had to hand-code interfaces among various

STANDARDIZED METADATA

databases, tools and an integrated repository created with Repository/Open Enterprise Edition from Platinum Technology, Inc. "It costs a lot of money and effort to make the interfaces work," Rifaie said.

Most users don't even make the effort. But more corporate organizations are waking up to the need for integrated metadata as they move from single-subject data marts to full-fledged warehouses. "When companies built their first



single-subject area, they could kind of ignore metadata and get the warehouse built," explained Mike Schrock, partner in charge of Price Waterhouse LLP's global data warehousing practice.

Not anymore. And the movement to large warehouses will probably put more pressure on

vendors to coalesce around a standard.

Standards are on the way for metadata in the form of competing solutions promoted by Microsoft Corp. and Oracle Corp. — both of which should overtake a fledgling standard developed by the Metadata

Metadata, page 72

COMMENTARY

The art of data design

SHAKU ATRI

This is the second in a series on how to build a data warehouse.

MAKING SENSE your data warehouse contains consolidated, nonredundant data is part of its design. So good data design is key to a successful implementation.

Most database gurus acknowledge that there's as much art as science involved in designing a good relational database. Granted, it's relatively easy to determine if a design is in one of the infamous "normal forms" used to indicate how good the design is. (These are collectively abbreviated 1NF for first normal form, 2NF and so on, with 1NF being very good and 5NF being not very good.) But there's no mathematical formula for coming up

with the original design. That's where the art comes in.

So where do you start? With the data? With the business model? Does it matter?

Yes, it matters. For all but the most trivial data marts — ones with a single data source — you should approach the design in top-down fashion, starting with the business model.

I'm not talking about the kind of detailed business model of MBA candidates prepare.

Nor am I talking about the kind used in business process re-engineering that can involve months of soul-searching.

I'm talking about a partial business model that focuses on those aspects of the business functions, processes and activities that are relevant to the

Data design, page 72

Tool boosts bank's cross-selling abilities

By Thomas Hoffman

DECISION-SUPPORT TOOLS are supposed to help companies do great things like identify new sales opportunities with existing customers.

But what has proved more difficult has been developing systems that let companies act on those opportunities and measure the returns on those technology investments.

Return on investment (ROI) can be difficult to measure in data mining, unless companies have "a tangible means of measuring the improvements expected," said Dave Imhoff, general manager at Intelligent Solutions, Inc., a Boulder, Colo.-based consultancy.

KeyBank — the nation's 13th

largest bank and a subsidiary of KeyCorp — believes it has found an answer to both problems. Fourteen months ago, KeyBank's direct marketing group began to use a database marketing and campaign management tool from Boston-based Exchange Applications, Inc. called the Valer Marketing Automation System.

The system has helped KeyBank move from about seven big cross-selling campaigns each year to 45 more narrowly focused marketing efforts. That has helped the bank increase its customer contacts by 200% annually.

And the incremental revenue generated from the products sold through those campaigns

Tool, page 72

Using a database marketing tool has helped KeyBank increase customer contacts by 200%.

Tool boosts cross-selling

CONTINUED FROM PAGE 71

was enough to pay for the \$1 million project within those 14 months, said Jonathan Hill, the bank's vice president of direct marketing.

"When we looked at the one-year [ROI] period," Hill said, "the numbers looked real good."

Roughly 75% of the bank's marketing campaigns now meet its internal cost justification thresholds, vs. 50% before KeyBank began to use Valex.

A CD WITH THAT ORIENT

The software sits atop KeyBank's IBM DB2 data warehouse, analyzes customer purchasing data and recommends what products (CDs or mutual

"We can take a view of a customer's entire relationship with us [to aid cross-selling]."

— Jonathan Hill, KeyBank

funds) KeyBank should try cross-selling to small subsets of its 9 million customers.

It also helps identify whether the bank would have greater success in selling those products by contacting certain customers by direct mail or over the Internet.

In the past, KeyBank's data warehouse made it possible for

the bank's marketing managers to identify its most profitable customers. But it was "very painful" to act on that information, Hill said.

That's because KeyBank's marketers would have to analyze recent transaction patterns conducted by its customers, hand that information to KeyBank's IT group and have it create a set of customer profiles.

Then the marketing group would have to "do a heckuva lot of work" manually to create control groups from the 3.5 million households KeyBank serves, Hill said.

The process used to take four to six weeks to complete. It now can be done in one or two business days, he said.

One of the linchpins behind

KeyBank's success — as with any other successful data warehousing initiative — is the use of customer transaction data from different business units that has been dumped into the DBA warehouse, scrubbed and reformed for analysis.

"We can take a view of a customer's entire relationship with us," which aids cross-selling, Hill said.

At many banks, business units "are jealously defending their data and not sharing it," said Orazio Marelli, research director at Meridian Research, Inc., a financial services consultancy in Newton, Mass.

According to analysts, departmental selfishness often makes it hard for many banks to cross-sell products to their customers. □

Key Tower in Cleveland, — KeyBank headquarters



Atre: Data design

CONTINUED FROM PAGE 71

warehouse's mission.

For example, if sales and the sales team's desire for increased profit drives the demand for a data warehouse, then focus on the sales, marketing and distribution functions and processes. But if human resources or customer service sponsors the project, the model will be different.

If ideas such as business functions, processes and activities are too abstract, try thinking about the entities — or things — that users want information about. It's my experience that most organizations come up with a list of 30 to 50 entities — such as customers,

customer contact, product, supplier and sale — during the business modeling stage. It may help to construct simple, high-level diagrams that illustrate basic data flows.

DATA ARCHITECTURE

Once you've understood the business drivers that fuel the data warehouse project and constructed a basic business model of the underlying components of the business, you're ready to develop the data architecture. Although "data architecture" sounds very grand and abstract, it's not — it's simply a design flexible enough to contain answers to questions users will ask.

Several weeks ago, I described the importance of understanding user needs, particularly about how much detail the users want [CW, June 1]. It's at this point in the design phase that you collect, analyze and use that information.

As you talk to users, phrases will emerge to guide you in selecting the proper dimensions. You may hear terms such as "profitability by customer" or "sales by product" or "inventory turnover by store."

Those "by" phrases often translate into dimensional tables in a star schema, a popular architecture for data warehouses. A star schema consists of a basic fact table surrounded by dimensional tables that represent the different ways by

which the data can be viewed and analyzed.

The big difference between data warehouses and relational databases is that warehouses contain a lot more redundant data, and you may even build data warehouses that contain several fact tables for a given subject area — each with a different aggregation level of data.

When people talk of data warehouses containing "democratized" data, they're referring

to that redundancy. Data warehouses essentially pre-aggregate data that would otherwise require a time-consuming, multistep job to calculate — something that would bog down users' queries.

In the real world, users may not know exactly what they want. Or they may tell you they need "all" the data. That's where the combination of art, science and experience comes in. Don't expect your first iteration

of the design to be perfect. Part of the art of data warehouse design is to recognize when it's time to go back to the drawing board. □

Atre is president of Atre Associates, Inc., a consulting firm in New York that specializes in data warehouse/data mart and database technologies. Her E-mail address is shaka@atre.com and her Data Ware-Mart methodology can be found at www.atre.com.

Warehouse wisdom

Make sure you understand user requirements. Users' unmet expectations are a major contributing factor to failed warehouse projects.

Avoid the temptation to create a quickie data mart. Invest some time to make sure you first understand the business model.

Make your database administrators understand that it isn't OK to design data warehouses that are only de-normalized — some art and some thoughtful science needs to be applied to develop a good data warehouse design. — Shaka Atre

Metadata standards to aid data warehousing

CONTINUED FROM PAGE 71

Coalition vendor consortium.

Microsoft last year published metadata extensions to its object-based Microsoft Repository for SQL data schema, data transformations and online analytic processing. The repository also has an engine, which runs on Microsoft's SQL Server or Access Jet database and interprets data models and Component Object Model interfaces.

Although the repository now is limited to Microsoft technologies, the software maker has plans to change that. Platinum has an exclusive agreement to develop versions for other databases and non-NT operating systems.

Rumors abound that Oracle is developing an object-oriented repository of its own to store and manage metadata. The company is tight-lipped. "We will have something out in the next few months that will

match or go beyond what Microsoft has done," a company spokesman said.

Rafae is so committed to the idea of a metadata standard that Royal Bank joined the Metadata Coalition, which was launched in 1995. But he said he was unhappy with the consortium's progress.

STANDARDIZED METADATA

"The Metadata Coalition is moving like a turtle on its back," Rafae said.

The Metadata Coalition published a text-file-based standard last year. So far, seven of its members comply with the standard and seven more have said they plan to comply, said Katherine Hammer, the coalition's co-chairman and president of Evolutionary Technologies International, Inc. in Austin, Texas.

In response to the Microsoft announcement, the coalition built a free translator between its standard and Microsoft's.

But some observers question the need for the coalition standard or the translator. "Why would someone write to a facility like a positive file interchange when you have an API [such as Microsoft's 'at']?" asked Kevin Strange, research director at Gartner Group, Inc., a consultancy in Stamford, Conn.

Apparently, a lot of vendors have reached the same conclusion: More than 200 developers attended a Microsoft-sponsored workshop April 22.

Microsoft plans to bundle Version 2.0 of its repository with SQL Server 7.0 and Visual Studio 6.0, both of which should ship later this year. Since March 1997, 700,000 copies of the Microsoft Repository Version 1.0 have shipped with Visual Studio, said Steve Murchie, Microsoft's data warehousing product manager. □

Wilm is a freelance writer in Chicago.

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JUST HOW THICK IS A VIRTUAL WALL?

You're getting ready to close your biggest deal to date via the Internet and the question of security crosses your mind (relax, it can be safe).

As you hit "send," consider the fact that there are entire corporations who are struggling with the same question. They'd like to utilize the Web to distribute and manage sensitive data, but they also want to know - how safe is it?

IBM, working with business partner Lante, a specialist in Lotus® application development, helped a company called IntraLinks create a secure environment for businesses to work on the Web.

Supported by IBM Global Services, IntraLinks provides a private extranet based on Lotus Domino™, which allows constituencies to safely work, collaborate, even negotiate online. Proposals, documents, classified plans and contracts (some worth billions) can travel safely.

In addition, fanatical electronic tracking helps assure that each detail, no matter how small, doesn't fall through the cracks (so not only are the walls as thick as they need to be, but the virtual floor is well-built, too).

In less than a year, over \$60 billion has been managed using IntraLinks' e-business technology. Costs are down 10 to 30% over standard management practices and document delivery systems. This last point has not gone unnoticed in the world of finance, where an increase in volume of as little as 1% can equal a \$20 million boost in revenue.

To learn more, visit our Web site (where the door is unlocked, and everybody's welcome) at www.ibm.com/e-business, or call us at 1 877 IBM EBIZ (3249), ext. NC41.

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World

Extranet Takes Data Beyond EDI

ITALIAN MACHINERY
MAKER TURNS TO THE
WEB TO EASE ACCESS
TO COMPANY INFO

A year ago, the phone lines were busy at Nuovo Pignone. The Florentine maker of turbines, compressors and sundry other pieces of heavy machinery was operating under the old system of just-in-time manufacturing in order to keep up with shipments from its suppliers. "Every week," says Maurizio Ammannato, "Nuovo Pignone had to call the suppliers and ask, 'Hey, are you going to send it?'"

The obvious solution was a system of electronic data interchange (EDI), and there the company had a few advantages. Nuovo Pignone is a subsidiary of General Electric Co. and could hitch a ride on the mother company's worldwide network. Not only is GE's information systems arm, GEIS, well known for its own EDI value-added network and software, which it sells to third parties, but it also conveniently has an office in Milan.

Such a system could have established a link with Nuovo Pignone's 300 biggest suppliers, which account for some 70% to

80% of the shipments the company receives, explains Ammannato, sales and marketing director at GEIS.

But under this plan, Nuovo Pignone would run into the same problem that plagues other large manufacturers embarking on EDI projects. The company has about 2,500 suppliers, many of them two-penny machine shops scattered all over the globe. In general, the small shops don't have the resources, staff, money or interest to handle standard EDI.

"So you've still got the phone, the fax" and all the aggravation, Ammannato says. A tracking system that doesn't track all of the suppliers is not any better than no system at all, he points out. "The best you can hope for [using standard EDI] is about 70%. And that is not enough."

This is why most large-scale EDI projects fail, he says. "After the first phase of connecting the major suppliers, there's a risk that the project will have to be stopped. We needed a different technology that lets us connect to these smaller suppliers."

So Nuovo Pignone turned to the Internet to create a system it calls an extended company concept. "We consider our suppliers, and also our customers, to be an extension of our company," says Internet and electronic-mail manager Giorgio Piazza. "We want them to be

view

TRENDS, ISSUES AND IDEAS FROM AROUND THE GLOBE

ARND BRONKHORST/ARND BRONKHORST



able to access information that they need as easily as possible."

The system is a protected Web site accessed via GEIS's worldwide network through a secure TCP/IP gateway. Customers and suppliers worldwide can access the system with a password to get the data they need. "This way," Piazza says, "we can manage the supply chain both upstream and downstream."

Worldwide employees of Nuovo Pignone can get more sensitive data and access to applications from the extranet. Under the supplier-tracking program, suppliers use a simple browser and the "net to fill out status forms about their shipments. Those that need help can call GEIS technical support. Big suppliers that prefer to use standard EDI have that option. "I can't ask a small company to install a major EDI package," Annamatto says. "The key is to be as flexible as possible and give people what they want." All of the resulting forms are

sent to the GEIS network, which overnight translates them into a standard EDI format and sends the results to Nuovo Pignone. The system uses Netscape Communications Corp.'s EasyExpert gateway, which was developed with GEIS, to translate and integrate data from its EDI systems and old legacy equipment.

Such a system should give Nuovo Pignone a competitive advantage for 12 to 15 months, at least among Italian manufacturers, says Antonio Romano, director of the standard research division at IDC in Milan. "Italy does not have a good culture for EDI because of immaturity on the demand side."

The TCP/IP gateway is enabling some of Nuovo Pignone's suppliers to use the Internet as an EDI conduit, allowing people who don't have the resources for a large EDI system to have the same features. "A few years ago, people said the Internet was going to kill EDI," An-

namatto says. "But instead of killing it, the Internet is actually facilitating EDI."

The trickiest part about using the Internet is security, says Piazza, who along with computer manager Paolo Scattini manages the system's operation. Without external security software, he says, "the Internet is not the most secure place for applications."

HOW SECURE IS IT?

The company's system has both a firewall and extra security software created by developer V-1 in Knoxville, Tenn. Users who are sending payment information can use GEIS's X.509 setup, which asks for passwords and provides encryption. For those browser users with less sensitive needs, the Secure Sockets Layer is usually enough. It takes less time than X.509, as it doesn't require decoding.

The security features will become more useful as Nuovo Pignone expands its system. It plans to offer worldwide employees access to databases and other applications.

Now the phone lines are not so busy in Florence. The system has cut the supplier-tracking process from one week to one day. "The final objective is putting away the fax and phone procedure. It's then that you get the full benefit of a computer system," Annamatto says.

STAFF, A FREELANCE WRITER AND CORRESPONDENT FOR ASSOCIATED PRESS/DOW JONES, LIVES IN ROME.

INSIDE
ISSUE

There's a Will, But Is There a Way?

E-COMMERCE
PIONEERS FACE
GLOBAL CHALLENGES
AND INFRASTRUCTURE
SHORTCOMINGS

South Africa is a country of contrasts. "A world in one country," as local tour operators love to call it. First and third worlds collide as people struggle to not only come to terms with a turbulent past but also mold and embrace their future. Indications are that future will be heavily influenced by the knowledge economy, a term associated with electronic commerce, information and the global Internet.

Even though both business and government acknowledge the importance of the Internet and electronic commerce for economic and social upliftment, the country faces many difficulties in translating this vision into reality. Finding people with electronic data interchange/electronic commerce skills is difficult because foreign business is luring away talents with better salaries and working/living conditions. And the country's telecom infrastructure is insufficient and too expensive to support electronic commerce.

For instance, Internet users in South Africa pay per minute for the time they spend online (because the government monop-

oly charges for local calls, most ISPs charge a flat monthly rate). South Africa Internet service providers (ISPs), moreover, pay for Internet connectivity via backbones based on the U.S., translating into higher baseline customer charges.

As in the rest of the industrialized world, electronic commerce among businesses is leading the way. The business/consumer market hasn't achieved critical mass yet because the audience for viable commerce initiatives simply doesn't exist. For example, phone penetration stands at about 10%, or 4 million telephone lines among 40 million people. Conservative es-

timates put the dial-up user base at 154,276, corporate usage at 200,000 and student use at 100,000.

The general lack of "net access has forced electronic retailers to focus on the top end of the market, to which they sell luxury items such as cigars and wine. But few companies have been willing to back commerce initiatives with hard cash. "Most of the immediate areas being considered are simply redeployments of existing business applications using Internet technology," says Andra Salomon, services director at Internet Solution, one of South Africa's biggest Internet systems integrators. Salomon argues that mainstream corporations are likely to continue using value-added networks for EDI for some time to come because many large South-

Africa companies have numerous direct wide-area network connections with business partners. But some are routing these connections through the shared public Internet or by building Internet-based virtual private networks (VPN). Salomon says.

And then there are geopolitical concerns. Charley Lewis, deputy chairperson of the National Information Technology Forum and head of South Africa's largest labor union's information technology unit, argues that an information economy that relegates South Africa to be a mere consumer of products and services designed, developed and profitable elsewhere is simply going to increase existing global inequalities. "And is going to do little for our economy and less for our balance of trade," he argues.

Lewis says he does not want to wake up in an information society that has "made by the WTO" (World Trade Organization) stamped in one corner and "copyright Al Gore" stamped in the other.

Moreover, Lewis opposes a technology-led vision of a wired future. "I am sure business will respond that its business is to make profits, period. This requires us to be globally competitive, period. From those two universal goods all other good things will flow."

RACE FOR THE FUTURE
During the past couple of years there has been much talk about emerging economies leaping, going developed ones, thanks to IT. Salomon says he believes that the shift from an industrial to an information economy will be bad news for much of Southern Africa in the short term.



mostly due to a government monopoly that controls a patchy telecom infrastructure.

Ian Gordon-Cumming, general manager of British Telecom Southern Africa, says he believes that cultural and regulatory obstacles don't exist in South Africa and that the problem lies in expanding the telecommunications network in all areas of the country. He argues that access to merchant services such as Amazon.com and manufacturers' technical data may overcome the tyranny of distance—a major problem for underdeveloped rural areas.

South Africa's telecommunications infrastructure is controlled and operated by Telkom SA Ltd., a partially privatized monopoly. In a bid to satisfy business and consumer demand for communications infrastructure, Telkom has embarked on a comprehensive rebuilding program called Vision 2000. This five-year network expansion and modernization plan will dramatically boost telecommunications access via a fully digital, world-class network. Through Vision 2000, Telkom aims to add up to 3 million lines to the network (a 75% increase), while replacing another 1 million existing lines. Switching gear is being digitalized, and interchanges are being rewired with fiber optics. Wireless local loop will service rural areas.

Craig Venator, executive consultant of EDS South Africa, says external pressures such as increased competition, customer demands, collapsing and right-sizing value chains and pressure to compete globally are

driving the development of electronic commerce strategies.

Venator says that although some South African companies have developed business and technical strategies for electronic commerce, including the Internet, others still seem to think electronic commerce is simply an evolution from telex of a decade ago. They also seem to believe EDI is most of what the recent electronic commerce hype is all about. Companies have yet to make the crucial connection that electronic commerce is a means to enable business process improvement.

FURTHER READING ON THE WEB:

- African Resource Network
www.afronet.com
- Aquila Systems
www.aquila.co.za/vnetman.htm
- Computerworld eemerce
www.computerworld.com/eemerce
- EDS South Africa
www.eds.co.za
- Internet Solution
www.ils.co.za
- NITF
www.wt.ppc.org/nitf/
- Telkom's Vision 2000
www.telkom.co.za/vision_2000.htm

The benefits of business process improvement include reductions in administrative cost, staff, inventory, cycle time and time to market with improved cash flow, productivity, market opportunity and customer service. Venator says the challenges are the same as with any project, where well-defined business needs and processes should govern the use of technology rather than the reverse.

South African companies are beginning to understand that reducing "transport time" is no longer an adequate response to

their customers' demands," Venator says. "The perceived value is also shifting from faster transactions to better information. This is leading to more cooperative efforts between companies for shared investment and mutual benefits."

Four companies, including a retailer, two financial institutions and a technology company, recently joined forces to create South Africa's first VPN. Its aim is to ensure more cost-effective operation of the individual corporate networks while paving a way to sophisticated electronic retail and financial services markets.

The companies share their core network infrastructure, management and technical support teams. Richard Laubacher, CEO of Nedcor, a major investment banker and one of the four companies on the VPN, says his organization's specific objectives are to gain operational leverage through network economics; to develop electronic commerce for payment and settlement; and to use loyalty programs to lower the cost of acquiring and retaining customers.

Still, increased collaboration between business and government will be essential to South Africa's future, given how much infrastructure needs to be built to create an information economy. The need for future economic growth and social development based on an information economy does not rely simply on technology but on the ability of different parties to bridge their differences and embrace a future.

MANSON IS A FREELANCE WRITER IN CAPE TOWN.

WORLD

THE EURO: THE REAL CHALLENGE

BEYOND THE THORNY AND EXPENSIVE COBOL CONVERSION LIE CULTURAL, POLITICAL AND LIABILITY CONCERNS

By Richard P. Greenfield

The idea of the euro goes back to World War II—at least to the men and women who came of age during or immediately after the war. And the idea was deceptively simple: Bind Europe together commercially, politically and socially, and it would be impossible for a continentwide conflict to ever happen again.

And following the reunification of Germany and the end of the Warsaw Pact, it looked as if the creation of a single European currency would be the obvious next step. Why not, the theory went? If the Europeans could gloss over deep-seated sociopolitical fissures, what's a few monetary concerns among new-found friends? But as is usually the case when it comes to money, no one wants to lose.

And euro skepticism extends from Main Street to corporate boardrooms. In a recent KPMG Peat Marwick survey on euro

readiness, only 53%—little more than half the respondents—said they plan to adopt the euro as a reporting currency in 1999, and only 39% expect to adopt it as their accounting currency.

"The mode I see in Europe is one of analysis paralysis," says Bill Zeitz, president of New York consultancy Beyond The Millennium Solution and former group chief information officer at American Cyanamid. "The British, who ironically are not even joining in the first round, seem to be furthest ahead in analyzing the problem and coming up with solutions. Everyone else is lagging behind."

That's true for the most part, other euro watchers claim. But the financial services sector, information technology firms and certain segments of retail in those countries included in the euro's initial stage are well into making their systems euro-compliant.

Making Change

It's been a long, strange trip to a common European currency. Here are some key milestones that have been achieved along the way.

476 A.D.

The Roman Empire falls—the last time Europe has a single currency. The currency, backed by the legions of Rome, stretched from Palestine to Britain and throughout Western Europe.



1099-1206

Until their suppression by France's King Phillip IV, Knights Templar were the brokers for all pilgrims traveling between Latin Europe and Palestine. This concept would be revived by both



Venetian and Florentine bankers during the Renaissance.

1686

The King of England turns to Sir Isaac Newton to revamp how coins are produced and to chase down counterfeiters and coin clippers.



1848

In the middle of the Berlin Airlift, the deutsche mark is introduced as a new currency.

1951

First European agreement on production of coal and steel, a precursor to EU agreements that would soon cover most aspects of agricultural and industrial production.



MILLENNIAL NGE

OF ALL THE companies
operating in Europe, 36% have
no plans for adapting their in-
formation technology systems
to the requirements of a single currency.

But even if an organization is euro-compliant by next year, it had better not suffer a catastrophic systems failure. As with Year 2000 projects, few insurers are writing insurance policies, and in Britain there are none because the euro, like the Y2K bug, has been deemed a "foreseeable event."

And forecasting is key. The European Union has created a three-step program

for countries participating in the euro (see timeline below). The initial phase of euro compliance, which kicks in Jan. 1, 1999, mandates that key financial systems be able to calculate in a triangular manner. This means any amount booked for any reason will be logged and processed simultaneously in both the local currency and euros. Many bank systems can already

handle multiple currency calculations, so on one level, the implementation looks deceptively easy.

But easier said than done. Like the Y2K millennium bug, euro conversion is a costly nut to crack. Gartner Group, Inc. estimates the cost at \$150 billion to \$400 billion (IBM ballparked it at \$175 billion).

These estimates are based on the \$1.50 it costs to make each line of Cobol code euro-compliant. But these figures, while massive, mask both the cost and the complexity of euro conversion project. The key unknown, Zeitz points out, is that many legacy financial applications are written in a variety of undocumented and non-standard languages.

"Outside the U.S., there are many variations of Cobol, and even getting all the Cobol doesn't guarantee that you have covered it all," Zeitz explains.

And a recent study of the Y2K problem indicated that there were 1 trillion lines of code in 500 different languages, Zeitz continues. "Say the euro problem represents just half of that — it is still a monumental task," he exclaims.

And that's not all. It's also a problem of not knowing what the exact rules are. "How will decimal places be handled in lira and Spanish peseta, for instance? It can already take hundreds of these currencies to equal 1 deutsche mark or 1 Dutch guilder. The Economic and Monetary Union (EMU), moreover, requires all calculations to be made to six decimal places, which could create interesting rounding errors.

Please turn to page 12

1993-1994

Major European currencies experience monetary complicity: the pound sterling is converted to the decimal system; the French franc is revalued several times.

1997

U.S. President Nixon regulates the Bretton Woods agreements that had tied exchange rates to the gold standard. Currencies are allowed to float freely.



May 1998

The European Council decides the exchange rates among the 11 national currencies (Austria, Belgium, Finland, France, Germany, Ireland, Italy,

Luxembourg, the Netherlands, Portugal and Spain) taking part in the initial round of the EMU. The European Central Bank is created.



Jan. 1, 1999

The euro goes into effect in the 11 participating countries, though transactions will be possible in euro and the national currency via triangulation. But financial transactions and new public bond offerings are in euros.

Jan. 1, 2000

Euro notes and coins are gradually phased in to replace notes and coins in national currencies.



July 1, 2002
Complete phasing out of all national notes and coins in the participating countries.

The UK, Denmark and Sweden are not joining the initial round. The UK will probably hold a referendum in 2001-2002 to decide whether to join the EMU.



IS THERE MORE TO JAVA THAN COFFEE JOKES?

Two years ago, the introduction of Java[®] software created a whirlwind of excitement and an explosion of coffee-oriented puns. Was it all hype?

At IBM, we think Java is worthy of the stir it created. An idea that brings two benefits to businesses wishing to become e-businesses: one is faster application

development, the other is the promise of standards and open connectivity.

Perhaps the most profound change that the Web has brought to the IT world is a culture of standards. It's this capability that permits universal connectivity and has allowed 80-million-plus people to access the Web. Java is the first language that allows a single application to run on any platform (write once, run anywhere).

This can speed the application development process - since you don't have to create a different version of your software for every client, every server and every browser. And since most business environments contain a wide variety of computing platforms, Java is just common sense. So is the idea of 100% Pure Java[™] - a Java that is not corrupted by offshoots and OS dependencies. (We support Sun[®] on this issue.)

Is Java perfect? No. Not yet. Like any new technology, it needs refinement. But it's maturing faster than any other language in history and IBM is working to make it real. Currently, we have more people working on Java than any other company - creating real-world applications in finance, manufacturing and distribution (to name a few). And we're putting Java to work to solve real business problems.

We're also creating award-winning tools like Visual Age[®] software and Lotus Bean Machine[™]. These are powerful, flexible programming tools that make it easier for all kinds of companies to build customized solutions (everything from interactive customer service Web sites to collaborative intranets).

To learn more about how IBM and Java can help your business become an e-business (and enjoy one or two fresh coffee puns), we invite you to check out our Web site at www.ibm.com/java or call us at 1 800 IBM 7080, ext. NC39.



Solutions for a small planet[™]

Continued from page 9

There are generally two ways the conversion can be handled at the systems level: One is to revamp the application so it simply starts recording transactions in euros. The second involves holding funds in two separate denominations that are entered at the same time a transaction is entered into the system. But either way has to be checked and rechecked before it can be put to use in any real-world working scenario.

From both a systems and a euro compliance viewpoint, both are valid. The difficulty has been to come up with software that can automatically deal with both currency data and display fields, as well as perform audits to ensure that the calculations are being performed systemwide per a new instruction set.

BENEFITS SEEM OUTWEIGHED

But even once the conversion is done, the touted benefits of a single currency, such as being able to travel without changing money and paying commissions each time to banks, are viewed with skepticism around the continent. Each and every cash register, automated teller machine and vending machine will have to be reconfigured for euro bills and coins. That process is expected to be so cumbersome, the EMU has endorsed having prices for all goods and

GOING FULL TRIANGLE

For multicurrency transactions between Jan. 1, 1999, and July 1, 2002, businesses will have to triangulate conversion rates. For instance, a French tourist in Germany who wants to buy a pair of pants priced at 40 DM will see how the POS converted the price to euros and then to francs.



That kind of cynical uncertainty is mirrored in the patchwork quilt that companies have made to prepare for the euro. LVMH, a large French luxury goods company whose holdings include Louis Vuitton, Moët-Chandon champagne and Hennessy brandy, is unwilling to publicly disclose its euro conversion plans — not surprising, as LVMH's competitive advantage is at stake. Its products are routinely sold in

the continent (see case studies, starting on next page). Small restaurants and bistros in Germany already give receipts denominated in the local currency and euros.

Ian Taylor, currently a member of Parliament in the House of Commons and former head of the *Échiquier* in John Major's regime, sees the euro as inevitable but fraught with economic and channel uncertainties.

Taylor cites Imperial Chemical Industries, for example, a UK company that sells paints, among other products. The company has made extensive preparations for the euro. "What euro means for a company like ICI, all over the EU, is complete and utter price transparency," he says. "And if someone sees that gray point is selling cheaper in Portugal than in France, then they may quite justifiably start ordering all their gray paint in Portugal as well."

In the past, companies were able to conceal some of these price differentials behind currency differentials or even package-size differentials within markets, but under the euro they cannot. "No gray market in gray paint, to put it differently," Taylor explains.

The increasing number of European companies going online and engaging in electronic commerce means that price transparency will not be limited to the physical world. It will be extended and reinforced by the growth of online commerce.

A SURVEY OF corporations on euro readiness by KPMG found that only 53% of respondents plan to adopt the euro as a reporting currency in 1999.

services listed in both the local currency and euros starting Jan. 1, 1999.

And even that may not be enough. A recent KPMG study showed that all over the EMU, 11% of respondents said the single most important action their governments could take would be to educate the populace about the euro and increase public confidence in the EMU (that 11% figure rose to 18% in Germany to the same survey).

duty-free stores around the globe, so it already has practical experience dealing with dozens of different currencies.

Yet no one is standing to collect accolades. "We are a bit ahead of the game," said Jean-François Martin, IT director at Louis Vuitton in Paris. However, he declined further comment about his company's plans for accommodating the euro. It's not quite that close-mouthed all over

ON THE MONEY

Taylor, like Zeitz, says he sees the UK as leading the euro compliance charge. He cites the preparations being made in London, where, because Britain is not joining in the first round of the EMU, the euro can be treated as simply another foreign currency. And there is another reason why the British are perhaps running ahead of the EMU: All of the debt of the various EMU countries, including states, municipalities and special projects, is going to have to be redenominated in euros. This involves the equivalent of billions of dollars, and most of those new, redenominated bonds will be sold via London, the largest financial center in Europe. IT represents an enormous windfall for the financial houses in London and is the source of much resentment on the conti-

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CASE STUDY: TOYS R US

NOT QUITE CHILD'S PLAY

TOY RETAILER LEVERAGES
YEAR 2000 RESOURCES TO
TACKLE EURO CONVERSION
BY THOMAS HOFFMAN

Technical and business process changes are the heart of Joseph Giamelli's worries when it comes to retooling the financial systems Toys R Us uses to recognize the forthcoming European currency, the euro.

Indeed, the Paramus, N.J.-based retailer's financial applications can already process myriad currencies in the 27 countries where it does business.

"We deal in multiple currencies around the world, so it's not a new thing for us," said the vice president and chief information officer for the international division.

Still, Giamelli admits that the toy store faces a raft of obstacles in addressing the euro, from educating cashiers to fending off competitors that are expected to begin advertising products in the new denomination, though euro coins and notes won't be introduced until Jan. 1, 2002.

But mostly it's the lack of "clear definitions" concerning standards and requirements from members of the European Union that leave him uncertain.

"You hear a lot of rumors going around" as to the specific regulations that will materialize from the EU regarding regulatory requirements, Giamelli says. Even though

the EU approved final plans last month for the introduction of a unified European currency set to begin Jan. 1, 1999, "it's not an announcement that will be static. [The rules] will change over time," he says.

Take Italy, for example, where \$1 equals 1,500 lira. Next January, when an Italian walks into a Toys R Us store to spend 1,500 lira on a bottle of children's soap bubbles, the purchase will cost 1.2 euros. That will present a challenge for Italian regulators be-

cause the EMU project when the retailer's millennium conversion work is done in July. "This ensures that we have the resources, and you minimize the learning curve," says Giamelli, who placed the company's euro budget at 25% to 30% of its seven-to-eight-figure Y2K conversion costs.

Analysts placed the retailer's euro costs at \$2 million to \$4 million. Besides its Oracle Corp. financial software and IBM point-of-sale systems, most of the firm's currency-sensitive software was developed in-house. Giamelli says the EMU project team is using packaged tools to repair its IBM AS/400 Cobol-based systems.

All U.S.-based companies like Toys R Us will have to look at the European countries where they do business and respond to the regulatory conditions in each region, says Lou Maroccio, an analyst at Gartner Group, Inc. in Westboro, Mass. When retailers have to accept different currencies, "they can't just decide on an ad hoc strategy without understanding the issues in each country," Maroccio warns.

Next January, Toys R Us will accept credit cards and checks for purchases, though the euro won't go into circulation until 2002.

Another area of uncertainty for Toys R Us is whether to begin pricing Beanie Babies in euros next year. Some French competitors, for example, have begun advertising product prices in both francs and euros, Giamelli says.

It says, "It's not a regulatory issue, he adds, 'But a competitive issue.'"

So while Giamelli believes Toys R Us' euro conversion "isn't major surgery," he admits the initial shock to employees and customers will be difficult to prepare for. On the heels of Y2K, the euro conversion, he says, "couldn't come at a worse time."

HOFFMAN IS A COMPUTERWORLD SENIOR NEWS EDITOR

JOSEPH GIAMELLI: ONE BIG CHALLENGE FOR TOYS R US WILL BE "GETTING CLEAR DEFINITIONS OF WHAT WILL OCCUR"



cause "they're not used to decimal-point transactions," Giamelli says.

Not that juggling the conversion of the retailer's IBM AS/400 Cobol-based merchandising, pricing and other systems on top of its massive Year 2000 project is child's play for Toys R Us, which generates more than \$3 billion in international sales from 441 stores outside the U.S.

Indeed, Giamelli hopes to transfer the knowledge of his 25-person Y2K team to

Continued from page 12

nent, where the first-round EMU members see the British taking profits on what they are creating and risking.

But not all is rosy even in the UK. Gerd Kruse, vice president and director of Y2K and euro project group, cites two distinct problems with the euro, and only one of them is IT-related. "We are finding that the private sector is much more advanced at this. It is the public sector that is lagging." A lagging public sector in Europe,

panies. "American companies, with the exceptions of some of the banks, are being much too complacent about this, and that could come back to hurt them if the implementation of euro goes well."

Sarwar Kashner, president of Niche Systems, a New York-based software consultancy, is also concerned that U.S. companies that have spent large sums on Y2K fixes will simply be reluctant to put money into something that could be delayed for any number of reasons.

The euro, in this sense, is therefore a most complex problem because like the Y2K bug, it too is a foreseeable event and adds to the mix a new currency that needs to be calculated. Lloyd's of London, however, is not offering insurance against euro catastrophes. "We do not insure for financial guarantee against a monetary loss," notes Andrea Hunt, a spokeswoman for Lloyd's of London.

GERMANY UNPERSUADED

And if these systems melt down, imagine the response of an already reticent European populace. In Germany, with the largest of the euro economies and the strongest currency, skepticism has shown up everywhere. A recent poll conducted by the German magazine *Spiegel* found that only 7% thought the euro would be good for them, while 41% thought it would be bad for them, and 37% said it would not change anything for them.

But the euro may be one of the few instances where the IT community has begun work on a project that has enormous social, political and economic ramifications for tens of millions of people and where the community is divorced from those man-on-the-street sentiments, Zettz says.

And like it or not, someone has to lead the way. That's always been the case with currency conversions. When Roman currency was the coin of the realm in Europe, for instance, it was backed by the Roman legions, who ensured its use.

This time around, the only legions involved are IT professionals, who are scrambling against a very tight deadline to try to do something that has never before been done by simple treaty and without force of arms or other coercion. Its success or failure will touch almost every aspect of IT business and reach well beyond.

GREENFIELD IS A FREELANCE WRITER AND CONSULTANT IN STATEN ISLAND, N.Y.

A RECENT SURVEY by the European Information Technology Observatory found that 55% of companies managed their own euro projects; 30% worked on euro projects with their suppliers; and only 4% hired contractors. The other 11% involved suppliers in their projects.

where almost all government institutions are more involved with their citizens' lives, is a very large potential problem, particularly spread across 11 countries, he says.

Kruse's assertion is supported by a survey released by DIHT, the German National Association of Chambers of Commerce. In a survey of more than 1,150 municipalities, DIHT found that 61% had not even begun to plan for the euro's arrival, and although most of the laggards were small towns, their numbers make them a formidable problem. Even more confounding, DIHT found that 90% of local governments have yet to make a decision on using the euro in the three-year transition period.

The UK's Taylor is also concerned about the response, or lack of, from U.S. com-

panies. But some American companies are tackling the euro problem head-on (see Toys R Us case study, page 13). Those organizations ahead of the game are probably using automated tools, Zettz said. Tools such as Reasoning from Reasoning, Inc. in Mountain View, Calif., and Millennium 400 from Visioner Systems, Inc. in Princeton, N.J., which his company uses, actively search for the lines of code in a program that need to be changed. They then audit the changes and ensure the application is fully euro-compliant.

For many corporations, the euro, coming as it does almost head on head with the Y2K problem, represents not simply another round of capital investment in IT infrastructure and consulting but the possibility of large financial liability.

PHOTO ILLUSTRATION BY ALFRED HANSEN

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CASE STUDY: FRANCE PRINTEMPS

SET TO SPRING INTO ACTION

AS FRANCE PRINTEMPS
PREPARES FOR THE BIG
CONVERSION, THE NO. 1
PRIORITY IS THE CUSTOMER
BY JEANETTE BORZO

While the global economy searches for what the euro means for the value of the yen, whether it will lead to short-term volatility in foreign exchange markets or push up U.S. interest rates, the euro project manager at one of Paris' best-known department stores simply wants to make sure the transition to Europe's common currency won't bother his customers.

"We must not disturb our clients," said Benoît Wiscart, euro project manager and organizational manager at Printemps. "This isn't about IT; it's about marketing."

Paris-based France Printemps is part of the Financière Printemps-Redoute conglomerate that includes the FNAC music stores and the Conforama chain of furniture stores. Founded in 1865, Printemps has 17 department stores throughout France and generated about 5 billion francs in sales last year (\$832 million). Printemps began preparing for the euro last year with the help of French consulting firm Altis. Preparation has involved several Printemps departments, including information services, pricing and customer relations. With a project so vast, Printemps has prioritized its euro-to-do list. "The best idea is to put everything in order, depending on its priority," Wiscart says.

Printemps has more than 6,000 computer programs in use at the company, Wiscart says, but all of its programming is outsourced to facilities companies and consulting firms. Between its own infor-

mation technology staff and that of its outsourcing partners, Printemps has the equivalent of three full-time employees dedicated to the euro project. Together, its internal and external staff will tackle the challenge of modifying some 300,000 lines of code, written mostly in Cobol, C and Visual Basic, and writing some 12,000 new lines of code. The company expects to spend 1% to 1.5% of its annual sales revenue preparing for the euro.

With input from its employees, Printemps determined which programs to update. An apples will be added to the necessary programs to convert the currency when needed. Much of this work is being done with Printemps' point-of-sale systems.

"The point-of-sale system will be modified by adding a reference currency," Wiscart explains. "After this modification, all payment in one or the other currency will be accepted and then will be converted into the reference currency if necessary."

For example, if the reference currency is the euro and the client is paying with francs, the total will be translated into francs for reference, but the change will be given back to the client in euros," Wiscart continues. "The reference currency will at first be the franc and later the euro."

Starting Jan. 1, 1999, and throughout the transition period, customers will see the two currencies on receipts, regardless of what Printemps uses as its reference currency, Wiscart says. Because Printemps doesn't need to convert prices to a third currency on top of the euro, such as dollar or mark, there is no need for the "triangulation" conversion that is often necessary to convert one European currency to another.

But when it comes to merchandise Prin-

temp buys, the department store will let its trading partners decide which currency they want for payment. "With our suppliers, it's not possible to impose rules about how they will accept payment," Wiscart says. So Printemps can accommodate trade in euros and francs during the transition.

To make sure each step in the Printemps conversion goes well, the department store will test its new and modified programs along the way. "For the testing, we are using the same tools as those employed for the Year 2000 [automated test reports], and then we will conduct tests with [employee] users," Wiscart says.

To manage the changeover in areas such



as ordering and billing, Printemps is letting its enterprise resource planning supplier, Ross Systems, Inc., manage the updating of Ross' Renaissance software to handle the transition. Atlanta-based Ross says it has addressed all of the EMU implications in its Renaissance CS suite of products, including recalculating data and values in euros and rounding issues. Wiscart is expecting Printemps to have everything ready in time, despite the many details involved.

"Our top priority plans are ready," Wiscart says. And for the Parisian institution, the customer is the top priority. "We'll be ready as soon as needed."

BORZO IS THE BUREAU CHIEF FOR THE IDG NEWS SERVICE IN PARIS.

CASE STUDY: UZIN UTZ STICKIN' TO PLAN

FORESIGHT HELPS UZIN
MAKER PREPARE FOR THE
UNIFIED CURRENCY
BY MARYBETH D'AMICO

Making glue is like baking a cake. You add a few ingredients and stir them around, but success really depends on a good recipe."

Those are the words of Thomas Müllerschön, chairman and CEO of Germany's Uzin Utz AG, concluding a journalist's tour of the company's state-of-the-art glue-making facilities. The Ulm-based manufacturer of parquet and tile floor adhesives also thinks it has the recipe for success when it comes to the euro.

Uzin has been steadily preparing for the unified currency with a revamp of its information technology systems during the past two years. The company, which saw sales in 1997 of 160 million DM (\$89.4 million) and has 310 employees, has always managed to stand out a bit from its peers. It took the unusual step last October of going public to raise an additional 27 million DM. The capital will help the company set up its first production facilities outside Germany, most likely in France or Eastern Europe. Uzin has sales offices in France, Poland, England, Austria, Switzerland and Turkey, and the share of its products sold abroad — now about 20% — is increasing 2% to 3% each year.

Müllerschön, who heads the company's euro project team, says Uzin's experience with bills coming and going in a myriad of currencies may have made it more aware of the magnitude of the job it faces.

As for many other companies, Jan. 1, 1999, is the deadline when local currencies will be fixed at

set rates to the euro, and euros will be accepted for money transfers but not cash transactions. "From that day on, it is possible that some of our suppliers could send us a bill in euro," Müllerschön says. Computer programs will have to be in place to do multiple currency transactions.

The bigger issue comes when the euro becomes legal tender on July 1, 2002. In addition to issuing current bills in euros, Uzin will have to retroactively convert as many as two years of receipts to euros. "You have to be able to draw comparisons with your current costs and revenues," he says.

But Müllerschön is not sweating this internal conversion process. Uzin deliberately laid the groundwork for the switch in 1995 when it invested 1.6 million DM in reworking its computer systems. "We did this with both the euro and the Year 2000 in mind," he says. Uzin decided it had to move away from the hodgepodge of programs crafted by its in-house programmers.

Uzin switched in October 1996 from its mainframe computer, Groupe Bull's DPS 4000, to a client/server model. It chose a Primergy 760 server from Siemens Nixdorf Informationssysteme AG that runs under Microsoft Corp.'s Windows NT and in-

cluded an Oracle Corp. database. At the same time, Uzin installed SAP AG's R/3 3.0 software packages for finance, controlling, logistics, production and sales at its headquarters. A big selling point for R/3 was its multicurrency conversion capabilities and Y2K compatibility, Müllerschön says.

After laying that groundwork, Uzin formed a 10-man project team, including Müllerschön and reps from the IT group, to get Uzin ready for the euro. The company expects to invest some 100,000 DM in the project, based on the estimated number of man-hours employees will spend.

COSTS STILL REASONABLE

But the actual IT conversion hasn't yet ratcheted up Uzin's costs. Uzin is serving as a trial company for SAP's new Version 4.0B of R/3, launched in May, and thus has access to free software and consulting as part of its existing maintenance contract with SAP. Siemens Nixdorf is also supplying one of its Primergy servers for the trial.

R/3 4.0 has added features for euro conversion, such as the ability to display data in both the local and the transaction currency — a feature geared to companies that want to support customers in the double currency phase, says Hans-Joachim Wuerth, euro project manager at SAP.

Uzin also acts as an adviser to its suppliers and customers, many of which are not as far along in their euro preparations. The

company even sends out monthly checklists to its customers to make sure their hardware and software are euro-compliant. "This is an added service which builds customer loyalty," Müllerschön says.

The company is now fully concentrating on this external effort, he says. R/3 will be installed for the first time at Uzin's offices outside Germany, naturally with the euro update. Uzin is also looking at business-to-business solutions to facilitate communications with suppliers.

D'AMICO IS AN ICG NEWS SERVICE CORRESPONDENT IN MUNICH.



PHOTOGRAPH BY JEFF SPAG

DEMYSTIFYING THE EURO

BY MARTHA BENNETT

With less than seven months to go before the euro becomes a reality, it's clear that, even right, there is no escaping it: The EMU in Europe is going to start on time, so let's dispel a few myths:

♦ **MYTH NO. 1:** The euro is a European issue. Not so. The only organizations likely to be affected are non-European companies that don't have any dealings whatsoever with countries (or the 11 EMU countries are referred to). True, the euro will be the only officially quoted currency for EMU countries after Jan. 1, 1999. However, banks will be able to offer their clients rates for the 11 currencies. And companies outside the EMU are not covered by the "no compulsion, no prohibition" principle either, which means companies are not obliged to accept payments in a currency other than the one they have negotiated with their trading partner. Having said that, there is no room for complacency either. While

there is no regulation that stipulates the use of triangulation for non-EMU currencies, many enterprises will find it necessary for business reasons to use triangulated calculations. And it's not going to be easy (see Myth No. 3).

♦ **MYTH NO. 2:** Finance and IT will handle it. Such an approach misses the wide-ranging strategic implications of the EMU. Yes, the IT implications are considerable (see Myth No. 3.) Within the organization, nearly all functional areas are affected. And yet in many companies, the EMU is still an issue that is left to the finance department.

♦ **MYTH NO. 3:** The IT implications of the EMU are less demanding than those of the Year 2000. Not true. First, the EMU is not about a single conversion; it is about several in the three-year dual currency period: the switch to the euro as the primary currency and the introduction of notes and coins. Second, for countries in the EMU, there are the euro conversion rules to be observed, and we are not talking algorithms here — we are talking about introducing new functions. Third, even if you are fortunate enough to have your financial system vendor provide you with an appropriate upgrade, there are still all sorts of other IT issues to address. For instance, how do you find all the fields that contain financial data (including all those threshold and trigger values)? And is field expansion necessary in order to accommodate converted amounts?

♦ **MYTH NO. 4:** If you're a non-European multinational, you can leave the euro to your European subsidiaries. This could turn out to be detrimental to your business in the long run for several reasons. For example, take price transparency and supply chain rationalization. With price transparency, once all your prices are quoted in euros, your customers, especially if they are also multi-

national enterprises, will immediately be aware of price differentials. Organizations must have a strategy in place for dealing with this. And with the disappearance of currency risks when dealing with any company in an EMU state, there is enormous potential for rationalizing your purchasing and hence reducing operating costs.

♦ **MYTH NO. 5A:** Everybody has to be euro-ready on Jan. 1, 1999. Unless you are a financial institution, this is not the case. When to switch to the euro during the three-year transition period is a business strategic decision, but see also Myth No. 5c.

♦ **MYTH NO. 5B:** Because the final deadline for EMU conversion isn't until the end of 2001, you can ignore the euro until Year 2000 is safely out of the way. Suffice it to say that such an attitude could well put a company's corporate health at risk.

♦ **MYTH NO. 5C:** The "no compulsion, no prohibition" rule gives enterprises control over when to start using the euro. In theory, this is true; in practice, though, the issue is somewhat like deciding whether to use EDI or not. We are already seeing the evidence of large multinationals pressuring their suppliers to provide pricing and invoicing in euros after Jan. 1, 1999.

More than that, it is even happening to companies that are at this time in non-EMU countries such as the UK.

How it will all work in practice remains to be seen. This is, after all, the biggest experiment in economic (and IT) history, and many of the parameters potentially affecting systems are not yet known.

Putting the EMU first does have its risks. And there is more and more evidence that other development projects are being postponed indefinitely, which in turn could affect an organization's competitive position.

Depending on the industry sector you are in and who your customers and business partners are, you may well be able to leave most EMU work until after Y2K is safely out of the way. Be sure your company can handle the euro, complete with conversion rules compliance if necessary, but wait before switching to the euro as a base currency and converting historical data. If you

have done nothing at all yet about the euro, you should immediately get going and do an impact assessment. The result may be that you don't need to do much in the immediate future, but inaction should be a positive decision, not a default.



BENNETT IS AN ANALYST AT ORCA GROUP IN LONDON.

ILLUSTRATION BY LARRY GOSKE

DEMYSTIFYING THE EURO

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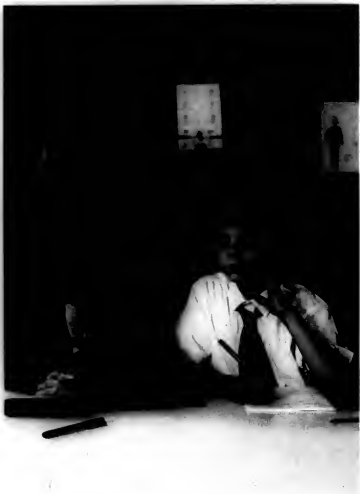
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Illustration by Jerry Eddis

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SPECIAL REPORT IT AND THE FEDS

Washington Watch

INSIDE

THE FEDERAL GOVERNMENT is emerging as a key player in the IT world. As the nation this week celebrates its independence, we look at several issues where IS and Washington are colliding.



Veepspeak.

Vice President Al Gore, who is identified more than any other U.S. politician with computing, answers questions from *Computerworld* on high-tech visas, the Internet and the year 2000 problem. *Page 74*



Labor pains.

Lawmakers are jumping headfirst this summer into IT labor-shortage issues. But not everyone wants them at the party.

Follows page 81

Hot topics.

Telecom reform, Internet taxation, the Microsoft antitrust case, software licensing and the year 2000. IS managers, including Scott Matluck, share their views.

Page 76



Lobby, anyone?

Columnist Jim Champy has a list of technology policy issues IS managers should bring up with their congressmen.

Page 79



Nothing about encryption is easy.

Companies need to secure their overseas transactions, but federal restrictions can be their hands.

Page 80

MONEY
POLITICSPOLITICAL
CONTRIBUTIONSMicrosoft tops all
high-tech donors

Microsoft Corp. is the target of an antitrust suit filed by the U.S. Department of Justice, but that hasn't deterred it from becoming the top campaign contributor among computer companies for the 1997-98 congressional election cycle. Yet two-thirds of that money has been sent to the party that isn't running the executive branch.

The following chart shows the top 10 contributors among computer companies for the cycle as of May 1 and how much of their money went to the two major parties. The data comes from the nonpartisan Center for Responsive Politics in Washington, which gleaned its information from the Federal Election Commission.

TOTAL \$	DEM	REP
1. Microsoft Corp. \$298,219	33%	67%
2. Oracle Corp. \$217,993	97%	3%
3. Electronic Data Systems 188,726	44%	56%
4. Gateway 2000 132,404	20%	80%
5. J. D. Edwards & Co. \$194,500	0%	100%
6. CDW Intefact \$89,000	0%	100%
7. Cisco Systems, Inc. \$78,000	87%	18%
8. Digital Equipment Corp. \$68,300	36%	64%
9. IDC Systems Corp. \$64,500	100%	0%
10. CNET \$64,482	97%	3%

*These figures include money from political action committees, "soft money," contributions to party committees that support general party activities, and individual contributions of at least \$500.



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VP Q&A

Interview
with A1

MORE THAN ANY OTHER U.S. politician, Vice President Al Gore is identified with computing. Gore may have a true appetite for information technology; on the other hand, he may just have sharp public relations staffers who know a tsunami when their man's surfing one. Either way, the vice president is widely perceived as tech-savvy.

And if he wants to be president in 2000, he'll need to be. The next administration will get its fill of IT issues. For starters, this is the 2000 election. Need we say more? Meanwhile, the information superhighway is bumper-to-bumper with privacy questions and domain-name lousy fights. And don't forget the Clinton-Gore encryption export policies, which are popular with... well, with nobody, as far as we can tell.

Computersworld submitted a list of questions to the vice president. Gore's written answers follow.

CW: For the most part, the Clinton administration has supported secure limits on encryption export. The computer industry is almost unanimously opposed to those limits. Lately, the administration seems to be leading on the issue. Where do you stand and why?

GORE: The administration continues to believe in a balanced approach — promoting the growth of secure electronic com-

merce, protecting the public safety and national security, and enabling the continued technology leadership by U.S. industry. No sound policy can ignore any of these goals. The challenge is to find approaches that support all of them.

Considerable, encouraging progress has been made over the past year and a half by relying on industry-led, market-based solutions, particularly in the area of key-recovery encryption for stored data. However, the administration is not wedded to any single technology solution. We believe the best approach is to pursue a good-faith dialogue over the coming months between industry and law enforcement, which can produce cooperative solutions, rather than seeking to legislate domestic controls.

CW: What is your position on the Internet Tax Freedom Act, and should such a tax also apply to mail-order companies?

GORE: There are competing versions of the bill in the House and Senate, so it's hard for me to comment on the details of the legislation at this time.

The president and I support a temporary moratorium on Internet-access taxes and new, discriminatory taxes on electronic commerce. We would not want inconsistent and duplicative taxation by 30,000 different state and

local tax jurisdictions to stultify the development of the Internet.

At the same time, we must not allow the Internet to become a tax haven that drains the revenue our states and cities need to educate our children and keep our streets safe. We clearly need to establish a commission that will explore the longer-term issues raised by electronic commerce, and develop a policy framework that is simple, fair and will allow the Internet to flourish.

CW: Nearly every week we hear that another government agency is in rotten shape as its year 2000 computer project. Is the current government oversight of year 2000 preparations working?

GORE: The current oversight of the agencies is working and is providing us with valuable information about the status of agency actions designed to solve the year 2000 problem. We are monitoring agency progress very closely, and I think you'll see the agencies make great strides over the next several months. Agencies are required to submit to the Office of Management and Budget, and to Congress, quarterly reports on their progress. Furthermore, over 30 executive branch, independent and regulatory agencies have representatives on the President's Council on Year 2000 Conversion,

which is working to coordinate year 2000 efforts and address any needs in this important area.

CW: To pursue that idea: The year 2000 problem could be a disaster for you if you're elected president. Are you making any disaster-recovery plans in case government computers shut down?

GORE: One of the key components of our year 2000 effort is contingency planning. While our goal is to ensure that every critical federal system will be up and running on Jan. 1, 2000, we shouldn't mislead anyone. We need to have in place contingency plans that will enable agencies to continue to provide services to their customers if systems are not required in time. Some agencies have completed work on their contingency plans for critical business processes, and others are still working on them, but I'm confident that this planning will help us avoid any major service disruptions.

CW: What is your position on expanding the quota of foreign technology workers that can be let into the U.S.? It is interesting the number of H-1B visas potentially a sellout to the immediate interests of high-tech firms?

GORE: The administration is prepared to support an increase in the number of H-1B visas, but only if

SPECIAL REPORT IT AND THE FEDS

The vice president discusses high-tech visas, Internet taxes — and the year 2000 hot seat the next chief executive will inherit

Gore



it's linked to reforms of the H-1B program that protect American workers, and to an increased investment in training for American workers.

Many leading IT companies are working to expand the number of American workers with IT skills. Several months ago, for example, I announced an initiative by Cisco Systems, Inc., to expand IT training programs for high school students in our poorest inner-city schools. I urge

other high-tech firms to do more to ensure that America has the best IT workforce in the world.

CW: What would a Gore administration do to support basic research and development in the private sector that leads to leading-edge new products? The R&D tax credit has arguably been a major boon to U.S. high-tech companies. If elected president, would you support an expansion of that initiative?

GORE: President Clinton and I have been big supporters of the R&D tax credit. Earlier this year, I announced that the administration had included an extension of the R&D tax credit in our budget. I'd like to see it made permanent — so that companies can plan on it.

CW: What's your favorite government World Wide Web site? How should some government Web sites be improved to be

more useful for the public?

GORE: That's a hard question, because I have so many favorites. I think the NASA team did an outstanding job with their Pathfinder Web site, by allowing millions of Americans to explore the surface of Mars. I'm also very proud of a Department of Labor site — America's Job Bank — that has gotten more than 225 million hits in the last six months.

We're encouraging agencies to make the Web more useful for the public in a couple of ways. First, we're organizing information around subject as opposed to agency. Agencies are working together to create user-friendly one-stop Web sites for small businesses, consumers and nonprofit organizations.

Also, we're moving from information to transactions. The first generation of government Web sites gave the public information about what the agency does. We'd like the American people to be able to do business with the government online — get a student loan, apply for a passport, etc.

CW: How much do you use the Web yourself?

GORE: I find the Web incredibly useful. I use it to research speeches, track financial markets, follow breaking news stories, communicate with my staff or find out what the weather is likely to be when I'm on the road. O

MONEY POLITICS

CONTINUED FROM PAGE 74

Microsoft vs. Oracle

In the most recent four election cycles, MICROSOFT not only has increased its contributions to federal candidates and parties more than fivefold, but it also has shifted the lion's share of that money across the aisle, according to the Center for Responsive Politics. In the 1991-92 election cycle, 79% of Microsoft's money went to Democrats; in the current cycle, 67% has gone to the GOP.

CYCLE	TOTAL
1991-92	\$53,283
1993-94	\$63,743
1995-96	\$238,484
1997-98	\$296,219

(as of May 1)

But ORACLE has pumped up its contributions by more than 82% between the 1995-96 and 1997-98 cycles, from \$119,650 to \$217,913. And, unlike Microsoft, Oracle has pushed a whopping 97.4% of its money — \$212,413 — to Democratic coffers in this cycle.

CYCLE	TOTAL
1991-92	\$94,800
1993-94	\$28,250
1995-96	\$119,650
1997-98	\$217,913

(as of May 1)

LOBBYING

IBM's deep pockets

In 1996, the high-tech companies that contributed to campaigns also spent \$1.9 million to hire lobbyists to try to influence legislation in Washington. The biggest spender? IBM, which shelled out \$4.88 million, according to the Center for Responsive Politics, whose figures come from lobbying reports filed by the companies.

Here are the top five from 1996:
1. IBM
\$4,880,000

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MONEY
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CONTINUED FROM PAGE 75

2. Texas Instruments, Inc.
\$3,690,000
3. Electronic Data Systems
\$1,760,000
4. Microsoft
\$1,140,000
5. Netscape Communications Corp.
\$960,000

CONGRESS' IT
DOCKET

By Matt Hamblen

Technology-related bills made a big splash on Capitol Hill in 1997 and continued to make headlines in the second year of the 105th Congress.

Lawmakers will consider whether to tax Internet commerce, will seek ways to stop spam, or unsolicited E-mail, and will explore ideas on how to address worker shortages and year 2000 problems in the government and private sector.

Many IT measures may take second billing to cigarette regulation and campaign finance reform, but some are high priorities.

Here's a look at the bills most important to IS:

Internet taxes
and regulation

The Internet Tax Freedom Act
Status: One version is before the Senate. The House approved its version last week.

Purpose/Impact: The version before the House would delay new state and local taxes on Internet-based commercial transactions for three years.

It also would set up a commission to report back to Congress with ways to define how electronic commerce should be taxed and would create a mechanism for each state to decide whether to establish a statewide, uniform tax as opposed to dozens or hundreds of taxing districts within a state.

States would face the issue of how to create a uniform tax

CYBERTAXATION

In 1997, retail sales over the Internet generated \$2.6 billion in revenue. Internet access services accounted for \$8.4 billion, and online advertising brought in another \$1 billion. Business-to-business commerce was pegged at \$8 billion. So it's no surprise that states are casting hungry looks at the Internet, wanting to tax all Internet use and sales regardless of a vendor's location.

Enter Sen. Ron Wyden (D-Ore.) and Rep. Christopher Cox (R-Calif.), sponsors of The Internet Tax Freedom Act, which would "establish a national policy against state and local government interference with interstate commerce on the Internet or interactive computer services," according to its official title. Under provisions that give Congress jurisdiction over interstate commerce, the bill would establish a three-year moratorium on the imposition of Internet taxes while a study committee comes up with recommendations. The bill is now before the Senate; the House gave its approval last week. Presidential approval, if it reaches the Oval Office, is certain.

IS VIEW: States can (and [do] do) tax the offerings of "net service providers. If the bill is defeated, more states may follow and levy their own taxes. The bill's significance to information technology managers is twofold. First, vendors would have to modify tax software if current rules are changed. Perhaps more important, companies that plan to use the Internet for telecommunications would have to revise their budgets, if not their plans. For instance, if a 5% state tax forces a like increase in a company's Internet budget and that hike is rejected by management, it may require the company to cut back on the services it buys in order to stay within budget constraints. Then, there would be the financial impact related to increased data entry costs associated for a company, such as a department store, to act as the tax collector for a variety of states.

Legislative proponents hope to see the bill adopted and signed into law before the 105th Congress adjourns later this

year. But nothing is certain, particularly in the Senate, where rules permit attaching irrelevant amendments to a bill, some of which might prompt the bill to defeat or move the president to veto it.

UNIFORM COMMERCIAL CODE

Technically it isn't a Washington issue, but IT managers may also worry about a software industry attempt to amend the Uniform Commercial Code (UCC), the guideline that 49 states follow in regulating commercial transactions. (Louisiana has its own code, but the differences are minor.)

IS VIEW: At stake, says Susan Ny-

EYE
on the

cum, the attorney who represents the Society for Information Management (SIM) at drafting sessions for the proposed amendment, are software licensing and sales contract provisions that currently protect the buyer.

SIM would prefer the amendment, known as Article 2B, not be enacted. Nycum says, "IT management would gain nothing and lose what protections they already have under Article 2," she says. Article 2 of the UCC deals with sales transactions and requires that goods must work when they are sold. Written in the 1930s, it says nothing about intangible goods such as software.

Responsibility for maintaining the UCC rests with the National Conference of Commissioners for Uniform State Laws (NCCUSL) in Chicago, which is made up of about 300 commissioners appointed by their states. Individuals representing various interests, called advisers, take part in the discussion and socialize with commissioners during breaks. Representatives of software makers bent the commissioners' ears for two years before Nycum got involved, she says. "What the user community found was a vendor's wish list of items

Taxes, telecom reform, contract law, year 2000 and Wintel — what the feds and states do will affect IS operations for years to come

SPECIAL REPORT

IT AND THE FEDS



Government

By Miryam Williamson

to include in a contract," she notes.

Opponents see many flaws in the current draft. It doesn't, for example, prevent a vendor from building in, without the customer's knowledge, a "back door" that allows installed software to be disabled. Nor does it protect customers from software that doesn't do what it claims to do, such as tax software that fails to conform to Internal Revenue Service code. Those who buy software, whether in bulk or at retail, would have no guarantee they could return a product for a refund if it proved too buggy or inadequate to perform the task for which it was purchased.

A final vote was to have been taken at the NCCUSL's annual meeting next month, but it has been postponed a year for more drafts and arguments. If approved, it will be introduced into state legislatures.

TELECOMMUNICATIONS REFORM

Promised the benefits of increased competition among telephone companies when President Clinton signed the Telecommunications Act of 1996, telecom managers are still waiting for results. The Federal Communications Commission offered a powerful incentive to the regional Bell operating companies (RBOCs) born out of the 1984 split-up of AT&T, in hopes of persuading them to let local competitors use their switches and wires. If they complete a 14-point checklist demonstrating they have opened their markets to competition, the RBOCs may compete in the lucrative long-distance market.

The RBOCs are eager to offer long-distance services, but observers say they've been reluctant to part with their local monopolies, which renders the competition portion of the 1996

law largely ineffective. They have dragged their feet in meeting the requirements, says Berge Ayvazian, a telecommunications analyst at The Yankee Group in Boston. "If you had a monopoly for 100 years, wouldn't you like to protect it? The benefits of telecom reform that Congress promised haven't come to be and aren't likely to in the near term," he adds.

IS VIEW: Saving money isn't the only issue, says Steven Martin, a partner at Deloitte & Touche in Washington. The telecom portion of a corporation's budget ranges from 0.5% to 4% of the total, so lower prices would have little impact on a company's bottom line.

But telecom managers are looking for improved service levels — for example, customer care, billing and provisioning — and the added technology options that increased competition

MONEY POLITICS

CONTINUED FROM PAGE 76

rate instead of their many taxing entities, including cities and counties. That process could keep the lobbyists for electronic-commerce vendors and practitioners busy for years.

Electronic-commerce practitioners have told lawmakers that they don't welcome the prospect of being taxed by thousands of entities and that taxation should be simplified. President Clinton and many lawmakers say that eventually there will be a need for an electronic-commerce tax in order to be fair to states that depend on tax revenue from in-person sales.

Outlook: The measure should ultimately pass, observers say, because it gives opponents years to work out new tax mechanisms for Internet commerce, as well as for mail- and telephone-order businesses. With a large-scale shift of commerce to the Internet, states will certainly want the ability to tax transactions to avoid loss of revenue.

The sticking point will be how a mail-order company is treated, as it now avoids taxes unless it has a physical presence in a state. So states, and eventually Congress, will need to evaluate taxes on that sector of the economy as well. The process of enacting any new tax is always deliberate. Some analysts caution that the creation of new taxes on the Internet could lead to a discussion of a national sales tax, with different rates for each state.



Internet Gambling Prohibition Act

Status: Before the Senate following committee passage last fall.

Purpose/Impact: The act would outlaw Internet betting in states where it isn't already legal, subjecting violators to fines and up

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MONEY POLITICS

CONTINUED FROM PAGE 77

to two years in prison. Electronic-commerce proponents favor attempts to clean up the Internet for other commercial ventures. Companies creating gambling sites would have to rethink their plans.

Outlook: Gambling lobbyists have delayed the bill, so the future is uncertain.

Year 2000

Computer Remediation and Shareholder Protection Act of 1997

Status: Before the Senate Banking Committee.

Purpose/Impact: Requires publicly traded corporations to make specific disclosures in initial public offering statements and quarterly reports regarding the ability of their systems to operate after Jan. 1, 2000. Presumably, if companies have to disclose readiness and what they are spending to become year 2000-ready, investors will react accordingly. That, in turn, could force boards of directors to spend more for systems personnel to get ready.

Outlook: Sen. Bob Bennett (R-Utah) sponsored the measure last fall, and the Securities and Exchange Commission began to require the reports without legislation. Earlier this month, Bennett said he was disappointed about the lack of information in the first SEC reports and might push again for the bill's passage.

Year 2000 Appropriations

Status: Approved by the Senate Appropriations Committee.

Purpose/Impact: Would provide \$2.25 billion in emergency funding in fiscal 1999 to help ensure that the government is prepared for the year 2000. The government has pegged the cost of fixing its own systems at \$5 billion, and President Clinton could tap in to a \$5 billion contingency fund.

would bring, Martin says telecom managers are very frustrated, despite major changes since the AT&T breakup, including a drop in the price of a long-distance call from 35 cents per minute to 5 cents per minute. More recently, however, prices seem to be flat or increasing, service levels are improving and the 1996 law's promise of more competition and innovation has yet to be fulfilled.

"Could things go faster? Sure, but such obstacles as the Federal Communication Commission's limited resources and competing stakeholders' agendas have created major impediments," he says.

Scott Matlack, president of the Communications Managers Association (CMA) in Morristown, N.J., sees a potential benefit to IT managers in having "a single point of contact to purchase local and long-distance service." But he echoes Ayzan's pessimism. In a March 13 letter to FCC Chairman William E. Kennard offering the CMA's support in efforts to aid business users of telecom services, Matlack wrote: "True and effective competition is still years away.... Clearly, a resolution to these problems... must be reached."

Martin says he foresees "a very slow process that will spin off little victories for the customer from time to time." But, he predicts, "In five to 10 years we won't be able to remem-

ber when there wasn't total competition for phone service."

WASHINGTON VS. WINTEL

The Justice Department is asking the courts to decide if Microsoft Corp., which owns 95% of the PC operating system market is, by definition, a monopoly. Monopolies aren't illegal, but because they have the power to drive away competitors, they are subject to antitrust regulation not applicable to other companies.

Antitrust suits filed by 30 state attorneys general will be combined with the federal suit. The case goes to trial Sept. 8. Regardless of the outcome, appeals will probably stretch well into the 21st century. The government claims Microsoft is using its dominance to gain control of the Internet, but the implications go well beyond control of the browser market. The Justice Department may expand the suit to cover other products, such as Microsoft's suite of office applications. If the court decides Microsoft is a monopoly, it could be split into smaller companies, as was done with Standard Oil in 1930. (The other side of Wintel, Intel Corp., is embroiled in its own showdown. The Federal Trade Commission this month filed an antitrust action accusing the chip maker of using monopoly power to illegally withhold key information from competitors. Intel disagrees, saying it is within its rights to practice business

as it does.)

IS VIEW: To Dennis Torrell, chief information officer at Sensoromatic Electronics Corp., an electronic security systems company in Boca Raton, Fla., the potential effect on Windows 95 in small potatoes because his company probably won't adopt it. But breaking up Microsoft could have detrimental effects in increased costs of negotiating with multiple companies and in decreased integration among products as the new companies go their separate ways.

Torrell says government should stay out of the software business, a view shared by Rob Enderle, director of desktop and mobile technology at Giga Information Group in Santa Clara, Calif. "I think DOJ will fail on this issue, which will make Microsoft feel invulnerable. That's going to have broad implications not only in the computer industry, but also in government," he says.

But Roger Walters, CIO at Booz Allen & Hamilton in McLean, Va., welcomes the suit, albeit reluctantly. "I'm not a government interventionist, but I don't see any alternative," he says. "If Microsoft behaved in a more benign manner, I wouldn't see the need for government pressure. But the way they exercise their market power, who else can speak for the consumers?" □

Williamson is a freelance writer in Winnetka, Minn.

Year 2000: Nudge, don't push

They don't want legislation or regulation. Still, those who think Washington should help corporate America solve its year 2000 problem say it can and should do more.

Some year 2000 experts and IS executives have wanted the Clinton administration to speak out and raise awareness of the issue. But it wasn't until a month ago that President Clinton urged business leaders to prepare for what he called a "cyber-spasm headache." He also pledged to share information with other countries.

The president's words were "good," says John T. Jung, senior vice president and chief information officer at California Casualty Management Co., an insurer in San Mateo, Calif. But he

should have said them three years ago when most U.S. companies were just starting to confront the year 2000 problem, Jung says.

Indeed, the federal government has scored few points with the IT community, either with the year 2000 status of its own systems or in its apparent lack of leadership on the issue in general.

Howard A. Rubin, president of Rubin Systems, Inc. in Pound Ridge, N.Y., has tried to get Washington's attention since 1995. In April, he polled 20 senior IT professionals and 100 business executives on how they feel about the government's role in the year 2000 problem.

Eighty-seven percent of the IT professionals and 72% of the executives said Washington should be doing something to address the problem, the findings revealed. But more than 90% of those who answered "yes" in each

group said the feds aren't taking adequate measures. What they want, Rubin says, isn't more regulation, but for government to be a facilitator of information from industry.

That's fine with Gary Wilson, year 2000 project manager at The Principal Financial Group in Des Moines, Iowa. But "when it comes to legislative-type action," he says, the government "ought to keep their nose out of it."

Yet earlier this month, the Federal Deposit Insurance Corp. said it would "take increasingly stronger action" against banks it considers year 2000 laggards. The action could include the seizure of assets. And Sen. Bob Bennett (R-Utah) urged the Securities and Exchange Commission to strengthen its requirement for publicly traded companies to report their progress.

Congress, for its part, has

held several hearings on the government's year 2000 readiness. It also has passed legislation giving regulatory agencies more power to push banks and other financial institutions toward compliance.

Part of Washington's apparent reluctance to do more may be out of fear of causing panic, especially in financial markets. John A. Koskinen, chairman of the President's Council on Year 2000 Conversion, said as much in testimony before a Senate committee on April 1.

"While it is important to increase worldwide attention," he said, "we need to avoid creating panic and precipitous, counterproductive activity."

Washington shouldn't launch into panic mode, Rubin adds. "This is a high-risk situation," he says. "But it may not be a crisis."

—Rick Seitz

SPECIAL REPORT IT AND THE FEDS

past several weeks we have seen vintage Washington meddling and muddling.

First the Justice Department sued Microsoft, then the Federal Trade Commission sued Intel, over antitrust allegations. OK, maybe they're not fun guys, but "Wintel" only brought us the PC revolution.

Next, the administration said it was giving up control of the Internet in favor of some unspecified international nonprofit group. Then, President Clinton told the MIT graduating class there should be a national program to connect all schools and colleges to the Internet. The next day, the Federal Communications Commission said it intended to trim nearly \$1 billion from its "E-rate" program for school Web access. (The E-rate program provides partial funding to schools and libraries for telecommunications services for educational purposes.) What gives?

With critical IT issues in the balance, the government could use some real-world expertise. Talking about "ought-to," there really should be a blue-ribbon committee of senior technology managers to act as neutral advisors on technology and business. If that were to come true, here's one view of the government's agenda.

First, radically refocus primary and secondary education. President Clinton has made education a top objective. But we need to go further than teaching kids how to be competent in math and science and putting a PC on every desk. We have to teach children to think differently — analytically, independently, creatively.

The Information Age gives us all mind-boggling knowledge choices — in our work and in our homes. Just look at how our children use the Internet to do research for their science or English papers. Then recall the primitive encyclopedias you used.

Clinton spoke of that in a commencement address at MIT, but "net access is only half the equation. We must have people with the skills to leverage this vast amount of knowledge and the confidence to make choices.

Meanwhile, technology-driven change may put certain classes of people and regions of the country at a disadvantage if we don't deal with educational change at a national level. Today, an estimated 100 million users are linked worldwide through 30 million host computers. But a study in the journal *Science* found a sharp racial divide: In households with annual incomes of less than \$40,000, whites were six times as likely as blacks to have used the Web the prior week and twice as

likely to own a home computer.

Can the Internet be both a new engine of commerce and a tool of equality? Absolutely. But it will require some good minds to figure out how.

Second, keep our great universities strong with continued financial support for basic research. It's no accident the two hottest areas for high tech and biomedical start-ups are in the backyards of MIT and Stanford.

As we all know, the Internet started out as a research project of the Department of

Defense and a few universities. Where should Uncle Sam's future academic research dollars go? With big federal budget surpluses looming, the government could use some expert help from our top technology managers on how to productively invest in our future.

Third, stay out of the business of business. Government is not very good at planning and managing business. Yes, it has a role in protecting the consumer and assuring fair play in competition, but it should not go into territory that even brilliant private-sector strategists struggle with.

Microsoft's achievements constitute a remarkable infrastructure and syntax for a universal computer domain. And those who want Netscape's Navigator can still download it for free. Taken to the extreme, would the government tell Michael Dell to ship a Compaq computer in every third box?

Fourth, make it easy to do business with government, both for taxpayers filing returns and for government vendors. Indeed, for the latter, nightmarish bidding procedures have always reduced the number of qualified companies even attempting to work with the government.

Finally, the federal government should continue promoting open markets. The administration's announcement that it will no longer dole out business Internet addresses is a good sign that Uncle Sam doesn't want to get in the way of fast-growing global commerce.

What can you do in all this? If nothing else, E-mail your congressmen. In fact, I'm sending this column to my own senators. If you, too, live in Massachusetts, his address is www.senate.gov/kenedy/j/

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Outlook: As year 2000 testing proceeds, courts decide, and Congress might need to find more money, but it's unclear whether the emergency fund will be needed by Oct. 1, when the fiscal year begins.

Encryption and authentication

E-Privacy Act

Status: It was introduced in the Senate this month with bipartisan sponsors.



Purpose/Impact: Would clear the way for businesses to use and sell encryption products of any strength, including 128- and 256-bit key technology. The current limit is 56-bit keys, widely opposed by encryption makers, who point out that other countries don't set similar limits, thus allowing their software makers to steal the market from U.S. manufacturers. The FBI favors a limit on sales, worried that criminals and terrorists would gain access to encryption tools and thwart law enforcement investigations.

A House measure introduced in February 1997, the Security and Freedom Through Encryption Act, would allow encryption software to be generally available but not when there is evidence that it could be used for military or terrorist purposes. The bill has been referred to the full House by three committees.

Outlook: Even the Clinton administration is torn about whether to serve the interests of the software industry or the FBI. There could be a House/Senate split that would stall action in Congress, but sponsors

SHAPING A BROAD AGENDA FOR IT



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of the Senate measure say they want the Senate to act by the end of August.

Electronic authentication

Digital Signature and Electronic Authentication Law of 1998, and Electronic Financial Services Efficiency Act of 1997

Status: Both bills are before subcommittees in the Senate and the House.

Purpose/Impact: Together, the bills set guidelines for the use of electronic authentication techniques by banks (in the Senate version) and in communications with government and other entities. Banks and other electronic-commerce vendors desperately want authentication that's reliable and would substitute for actual signatures.

Outlook: The Clinton administration opposes the Senate version, saying it's too early to adopt such a change. Don't bet on passage by this Congress.

Privacy

Communications Privacy and Consumer Empowerment Act, and Computer Internet Privacy Protection Act

Status: Introduced in 1997, both have been reintroduced with recent administration recommendations.

Purpose/Impact: Federal Trade Commission recommendations were called for in this legislation, and the FTC recently reacted. It wants more legislation to mandate that companies obtain parental consent when their World Wide Web sites collect personal information from children about them or other members of their families. The FTC is expected to make recommendations about adult privacy later this summer.

Outlook: Many think it's likely
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EXPORT CONTROLS

Encryption
and
YOU

By Alan Radding

ENCRYPTION ISN'T JUST for geeks. It's now affecting corporate America. Chief information officers and business executives must pay attention to the debate raging on Capitol Hill over export controls on 128-bit encryption or they may find their strategic plans for everything from globalization to electronic commerce put on hold.

The Federal Bureau of Investigation also wants to extend export encryption controls to cover the domestic use of encryption. That move could finally draw mainstream corporate America into a battle that has been fought primarily by encryption vendors and their global customers.

To keep encryption technology out of the hands of criminals, current law imposes strict controls on the export of 128-bit encryption, which is the most secure encryption currently on the market and the only encryption offering a reasonable assurance that it won't be broken. Because those restrictions apply only to the export of encryption technology, businesses that operate globally—with overseas offices, owners, subsidiaries, customers and partners—are immediately affected. Such companies can't encrypt their electronic communications using American 128-bit encryption without getting an export waiver; they would need that technology at both ends of the communication, thereby necessitating export.

In the grand scheme of things, the number of affected companies is relatively small, and those that most

need encryption, such as banks, can generally get a waiver, though the time and effort involved is startling. "Some large banks I have worked with have had to hire multiple people just to handle this," reports security consultant Sandra Lambert at Lambert & Associates in Los Angeles.

But as more companies jump into electronic commerce on a global scale, the impact of encryption controls will be more broad. Lambert says, "You can't conduct truly secure electronic commerce without 128-bit encryption. And if the obstacles to the growth of electronic commerce posed by export controls on encryption aren't enough to raise corporate hackles, proposals already bouncing around Congress to extend controls to domestic usage of 128-bit encryption should bring shrieks of protest."

But the issue of encryption controls hasn't yet made it to the radar screens of most CIOs, even those working in the international arena. "We communicate with our international sites, but we move sensitive information on secure, private lines only," says Bard White, CIO and worldwide director at Spalding Sports Worldwide, a manufacturer of sporting goods based in Chichester, Mass.

The problem of corporate involvement stems from the low position security occupies in the hierarchy. "Encryption is something to be handled by the security staff or the application developers. They haven't brought it to the corporate executives yet," says

Christian Byrnes, vice president at Meta Group, Inc. in Reston, Va.

On the other side of the debate is the FBI, which wants to keep advanced encryption out of the hands of bad guys. FBI Director Louis Freeh last September told Congress that "the widespread use of robust, unbreakable encryption ultimately will devastate our ability to fight crime and prevent terrorism. Unbreakable encryption will allow drug lords, spies, terrorists and even violent gangs to communicate about their crimes and their conspiracies with impunity."

FRIENDLY FIRE?

Nobody in business wants to come down on the side of the bad guys, but some say the FBI approach, based on controlling U.S. encryption technology exports, will only hurt American business while doing absolutely nothing to keep 128-bit encryption technology out of anybody's hands.

"No bad guys are being prevented from getting [128-bit] encryption by U.S. export controls," argues James Dempsey, senior staff counsel at the Center for Democracy and Technology in Washington. Advanced encryption technology can be readily purchased in Europe and elsewhere, far beyond the reach of U.S. export controls. For example, an Australian company in April announced availability of a Netscape Communications Corp. browser with 128-bit encryption built in.

SPECIAL REPORT IT AND THE FEDS

Current law imposes strict controls on the export of 128-bit encryption, putting any U.S. company that wants to conduct business globally in a tough position

The obvious solution then, is for global U.S. companies to buy their 128-bit encryption from foreign firms. "More companies are going overseas for encryption," says Tom Parenty, director of data and communications security at Sysbase, Inc. in Emeryville, Calif. Or they can take other security measures, such as maintaining secure private links or using new technologies. But those alternatives are costly, cumbersome and, in the case of new technology, unproven.

U.S. software vendors that need to build encryption into their products are watching their customers being driven to offshore competitors because of the vendors' inability to include state-of-the-art encryption with their U.S.-made products. U.S. software companies could lose between \$1.2 billion and \$3.3 billion in sales over the next five years because of the encryption issue, according to a study conducted by Economic Strategy Institute, a nonprofit think tank based in Washington. U.S. encryption vendors could lose as much as \$8.5 billion.

Handcuffed by the export rules, U.S. vendors simply can't compete. "Unless a company goes to an overseas supplier, they will not get a seamless encrypted solution," says Erik Olbert, director of the Institute's advanced telecommunication and information technology program and one of the authors of the study. Patching together a secure global presence using different encryption in the U.S. and overseas is just too difficult. As the rules currently stand, the only way to get effective, global 128-bit encryption is to buy it overseas.

This isn't only a vendor problem. Any U.S. firm that wants to conduct business globally is caught in a tough position. "Encryption is hard to use, so companies want the support for the encryption products they use to be the same in the U.S. and overseas," Byrnes explains.

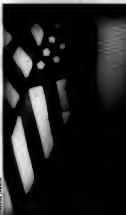
The companies are caught in a catch-22. If they can't use U.S. encryption products for global business, they won't buy them. On the other hand, if they buy encryption overseas, they won't be assured of the support they are accustomed to from U.S. software firms. And if they try to mix encryption products, the likelihood of creating an operational and support nightmare is great. So they do nothing. "A lot of applications simply are not being built because the company can't export U.S. encryption to its own

overseas office," Byrnes concludes.

And the situation may get worse. Much worse. "The FBI wants domestic encryption controls, too," Dempsey says. Then every U.S. business, domestic and global, will be hamstringed.

The FBI says it doesn't want to stand in the way of global commerce or hinder

non-Lambert says, but it takes several people to put the key together. It can't be done without the bank knowing about it. But the idea of government access through a back door without the company knowing is unacceptable. "Companies can't let the government have access to their customers' information without



"No bad guys are prevented from getting 128-bit key, via software or hardware," says James Dempsey, director of Operations and Technology at Washington

the competitiveness of U.S. companies, including U.S. software companies. But it has shown no flexibility, according to those in the industry, thereby obstructing commerce.

Furthermore, "bad guys" can already buy all the 128-bit encryptions they want overseas, and the FBI's proposed solution, public key recovery, draws howls from the people who will have to try to implement it. The FBI's public key recovery scheme requires a company to leave the key to decrypt the information with a third party, a practice called key escrow. It then requires the insertion of a trap door so law enforcement officers can get to the data, even without the knowledge of the company. "You are being asked to introduce vulnerability into an otherwise secure system for no good reason," Parenty points out.

Key recovery by itself might be tolerable. Bank automated teller machines for years have had backup keys for encryp-

tion the company's knowledge, and they certainly don't want to leave a back door," Lambert continues.

Even the government admits the folly of its encryption policy. In April, Commerce Secretary Bill Daley, in widely reported comments, described the administration's attempts to control encryption technology as a failure. He concluded that the result would be a loss of market share by American software makers to foreign competitors.

New bills addressing various facets of the electronic security and privacy issue are floating around Capitol Hill. With the stakes rising, the confrontation between the FBI and the business community over the issue of encryption export appears to be deadlocked, and top corporate and IS executives are sitting out the early rounds of the battle. The big question is, What will it take to bring them into the fray?

Radcliff is a freelance writer in Newton, Mass.

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a bill will be introduced and passed by year's end, though corporations are sure to fight it. In addition, the logistics of how a parent's consent is received are unclear.

Medical Privacy in the Age of New Technologies

Status: Introduced in 1997, it's now before two House committees.

Purpose/Impact: Provides specific instructions on the use and disclosure of private health information, especially given advances in genetic research and quick information technologies. Medical providers, along with all their data partners, would be bound by the restrictions. A related measure now before the Senate Finance Committee, the Health Care Assurance Act, would include language to create a central national database on health insurance information for processing claims.

Outlook: Action has been slow, but the House measure has 22 sponsors, an indication of popularity.

Antispam

Unrelated Commercial Electronic Mail Choice Act, and National Protection Act



Status: The Senate version was inserted into another bill against the practice of slamming (switching long-distance phone customers from their preferred carriers without their knowledge), which passed the Senate unanimously in May. The House version is before committees.

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Purpose/Impact: The Senate version requires commercial E-mail senders to identify who they are, their addresses and their phone numbers and requires them to honor requests by consumers who want to have their names removed from mailing lists. It gives the FTC, states and Internet service providers the ability to sue spammers for not complying. The House version requires spammers to pay the burden-of-delivery cost.

Outlook: Expect some version of both bills to be passed by year's end.

Employment

The American Competitiveness Act

Status: The Senate passed its version May 18; now before two House committees.

Purpose/Impact: The Senate version raises the annual immigration quota for temporary, highly skilled workers from 65,000 to between 85,000 and 105,000 over four years, beginning in 1999. It also sets fines for employers who use the temporary workers to replace U.S. workers. This measure and several others raise the thorny question of whether companies should use immigrants to fill jobs some Americans say they can perform. (The House is considering a separate bill — passed last month by the Judiciary Committee — that would make it hard for a company to hire a foreigner, unless it could prove that it first had made a good-faith effort to hire a U.S. citizen.)

Outlook: Expect some rise in the current ceiling, which was exceeded months before year end of the current fiscal year and in 1997.

Intellectual property

WIPO Copyright Treaty

Status: Before House and Senate committees.

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IT LABOR

Everyone in the D

Lawmakers are jumping headfirst into IT labor issues. But not everyone wants them at this pool party

ALWAYS ON the lookout for a popular platform, legislators have settled upon the perceived information technology labor shortage.

The dearth of skilled American workers has struck a chord with everyone from Democratic and Republican representatives and senators up to President Clinton. In a commencement address this year at MIT, the president unveiled a \$180 million program to train middle school teachers to teach students and colleagues about technology.

Many in the IT industry welcome the attention. In fact, they're courting it. Lobbyists from Silicon Valley companies are cozying up to lawmakers on Capitol Hill. In January, the Information Technology Association of America held a convocation to look at ways the public and private sectors could team up to develop more workers with technical skills.

Meanwhile, members of the Society for Information Management (SIM) are preparing a position paper that outlines steps they'd like Congress to take to help them address their own staffing needs.

"I'm pleased that the government thinks this is a national labor crisis," says Ray Hoving, vice president of marketing at SIM. "The big suppliers have the critical mass and the interest to lo-

by in Washington," he says. "But there are a greater number of constituents representing the business user side that the government should be listening to."

Clearly, not everyone in the industry is ready to join the party. Chief among the opponents are those in the staffing industry who say they have been burned by a section of tax law that unfairly penalizes them.

"High-tech issues are easily transformed into political issues," Harvey Shulman says. As a lawyer in private practice in Washington and general counsel for the National Association of Computer Consultant Businesses, Shulman has represented companies in the IT staffing industry since 1982. "I've seen the government in action," Shulman says. "For all its good intentions, there are too many things the government does wrong when it comes to IT staffing."

Right or wrong, more than a dozen IT staffing-related bills litter the floors of the House and Senate, with no end in sight. Among them, three issues seem to be generating the most heat: immigration, education and the so-called independent contractor issue. Following are updates on each.

IMMIGRATION
Land of (unfilled) opportunities

At press time, two bills were battling it out in Congress, each of which would increase the number of H-1B visas granted over the next five years and let employers hire more skilled foreign nationals. But the two differ considerably.

One is generally considered business-friendly. The other could prevent hiring managers from using the H-1B visa process altogether, says Harry Joe, a partner at the law firm Jenkins & Gilchrist in Dallas, who chairs the immigration law practice group.

The American Competi-



tiveness Act, which passed in the Senate May 18 by a vote of 78 to 20, would raise the number of visas from 65,000 to 95,000 this year and to 85,000 in each of the next four years, with an additional 20,000 from another visa category. The bill, sponsored by Sen. Spencer Abraham (R-Mich.), chairman of the Senate Immigration Subcommittee, also

proposes college scholarships for low-income students to study math, computer science or education. It has been referred to three House committees.

The second bill, which should be on the House floor before July, also would raise the number of visas to 95,000 this year, and would continue to raise it to 105,000 next year and to 115,000 by 2000. But this bill, which is sponsored by Rep. Lamar Smith (R-Texas), contains allegations that some employers find draconian.

One provision would require companies to prove they had recruited Americans for each position that they're requesting that an H-1B professional be placed in. Although that "sounds like an excellent provision on its face," says Lise Wright, director of government relations, human resources and education at Texas Instruments, Inc., "it takes away flexibility" and makes it difficult to consider softer skills, such as attitude and how well a person fits into a team.

The bill also requires employers to attest that they aren't laying off a person to hire another who has an H-1B visa — which could lead to irksome disagreements with the federal government over what constitutes a lay-off and whether a direct replacement was made.

If the Smith bill passes

SPECIAL REPORT IT AND THE FEDS

COL

By Natalie Engler

without changes in both the House and the Senate, employers may simply choose not to use the additional visas, speculates Joe, who has specialized in immigration law for the past 18 years. In that event, the bill may do more harm than good.



EDUCATION

Homegrown approach to the skills shortage

Increasing the number of foreign workers may help companies hire additional technical staff in the short term. But the long-term solution is to educate and train more American workers in IT. The question is, Should the government be spending our tax dollars to do this — and if so, in what capacity?

“Some say the government should begin by getting involved at the high school level. Too many students arrive at college with “a very outdated notion of who an IT professional is,” says

Ritu Agarwal, associate professor of MIS at Florida State University.

SIM’s Hoving puts it more bluntly: “A lot of high school kids think that if you want to get into IT, you have to be a geek.”

Both would like to see government efforts to address that image problem. At the same time, Agarwal says she’d like to see government-sponsored training initiatives, so training isn’t left solely to hardware and software vendors that have a “vested interest in getting their products out.”

During the past year, several bills have been introduced in Congress to create partnerships between government entities and businesses. One of those bills would establish regional working groups to train workers in technical skills and would authorize a \$50 million annual grants program.

Others aim to create regional skills alliances, develop multistate private industry councils and establish tax incentives and grants for employers to provide high-tech training.

But there’s one potential shortcoming to all of the proposals. With unemployment at a 28-year low, no industry is immune to the labor shortage. And so, in trying to help one industry, the government may hurt another.

Other observers argue

that training initiatives and tax incentives don’t get to the root of the problem, which is the need to improve basic education.

A government-enforced set of national standards for secondary schools and teacher qualifications would go a long way, says Rebecca Guerra, vice president of human resources at Adobe Systems, Inc.

INDEPENDENT CONTRACTORS

No man is an island, but he may be soon

At press time, 40 lawmakers from across the political spectrum had lined up behind a bill to repeal legislation that makes it difficult for IT staffing firms and employers to prove a technical worker isn’t a bona fide employee.

After a decade of lobbying, it looks as if the passage of a bill to repeal Section 1706 of the 1986 Tax Reform Act is “inevitable,” according to one Senate staffer.

What has made the difference? For one thing, Congress has estimated that if it

were to repeal Section 1706, it would lose only \$10 million in five years, much less than was originally believed to be at stake.

At the same time, thanks to the IT labor shortage, the fees technical workers can charge have soared, so more and more are striking out on their own. Hoving is one.

A year ago, Hoving left his post as director of IT services at Air Products and Chemicals, Inc. and formed Ray Hoving & Associates, an IT management consulting firm in New Tripoli, Pa.

“I reached a point in my life where I wanted more freedom of choice,” Hoving says. “I enjoy the creativity involved in this work. You get to be at the right place at the right time to do something valuable for a company. Then you move on.”

Like others who can charge a premium for their services, Hoving resents government intrusion in that area. “IT staffing companies should be able to serve as brokers, plain and simple,” he says. “There is a value-added service in finding meaningful work for contractors. They should not be burdened by the presumption of employment.” Not surprisingly, IT industry representatives agree vehemently.

Engler is a freelance writer in Arlington, Mass.

MONEY POLITICS

CONTINUED FROM PAGE 84

Purpose/Impact: The World Intellectual Property Organization (WIPO) Copyright Treaty would be implemented in the U.S. to make it possible to sue a person who knowingly removes a technical measure used to prevent reproduction of a work in digital format. Music artists and software makers are concerned about free distribution of software, databases and creations without any rights to royalties. Some opponents say the treaty would violate the basic tenet of sharing information freely on the Web.

Outlook: Unclear, given the long passage of time since the bills were introduced in 1997 and other, more pressing, Internet matters before Congress.

Decency

Internet Freedom and Child Protection Act, and Son of Communications Decency Act



Status: Both bills have been before the House and the Senate since early 1997.

Purpose/Impact: After the Supreme Court last year struck down the Communications Decency Act of 1996, some lawmakers sought to find other ways to protect children from unsuitable on-line material, much the way children are protected when watching TV. Firms involved in electronic commerce should note the attention Congress has paid this issue.

Outlook: The Senate version has attracted only three sponsors, but there’s much more interest in the House.

Online researcher Mari Kief contributed to this roundup.

IT Careers

Networking's need-to-know skills

By Leslie Goff

NT and Unix aside, this work also requires broad experience, problem-solving talent and a 'six sense'

Though IT skills across the board are difficult to find, hiring managers say networking skills are the ones they really struggle with. *Computerworld* asked four experts for their views on the current networking skills market and what they like to see in a job candidate.

CW: What are the must-have network operating system skills?

CZARNECKI: Installation, configuration and troubleshooting. When it comes to troubleshooting problems, you need to be able to tell whether it's hardware or software — if you're not well-rounded in that, you can be a downfall.

DEITCH: You need a fundamental knowledge of the operating system's operation and administrative tasks, and not just the what and how, but the why and when, also. It's not enough to know how to add a user and how to configure a network protocol or how to install a server. You must understand how all three interact and the effect they all have on each other.

GRAHAM: Applications developers need to know the network infrastructure services, like domain name services; directory services, like Lightweight Directory Access Protocol; security services; proxy services; and firewall services. And they need to know network applications, like the Nov-

ell file service or Network File System in Unix.

CW: What network operating system skills can put one candidate over another?

BO AJIAN: Multidisciplinary experience — I far prefer a network administrator with database experience over someone who has just done network maintenance.

DEITCH: For me, it's that sixth sense that enables someone to diagnose a situation, come up with causes and solutions in a probable order, and methodically rule each of them out until the problem is fixed — all with little or no information and maintaining a public relations smile.

That skill can't be taught — it's part intuition and part experience.

GRAHAM: Having experience in large-scale client/server production systems that serve hundreds of users. Size does matter. When they have practical real-world experience on a big project, you know they've dealt with the real performance issues.

CW: What other skills do you like to see coupled with network operating system skills?

CZARNECKI: I'm looking for people to maintain servers and help with phone tech support. So I look for hardware troubleshooting abilities, experience with browsers and personal productivity software, and the right mannerisms — they need to be customer service-oriented and come across in an easy manner. A [user] needs to feel like they're talking to a friend.

Also, understanding the business environment and the needs of the company, because these operating systems have features that may or may not be used in your environment.

DEITCH: Knowing that you're only limited by a lack of research. Experience and training will only take you so far, but after that you have to know where to find the information that will enable you to expand your horizons.

CW: What specific network operating system training or

types of project experience do you look for on a candidate's resume?

BOVAJIAN: Some kind of certification, whether Novell or NT.

CZARNECKI: Certification endorses your ability to work with the operating system.

DEITCH: I look for some evidence of a desire for education and professional growth. Ambition drives innovation.

CW: Looking toward the future, what do you think will be the next big thing in the network operating systems arena?

DEITCH: The battle between NetWare and NT will continue into the next millennium. Topology will not be defined by switches, hubs and routers, but by phone numbers, cable addresses and virtual networks.

BOVAJIAN: Microsoft's lack of support for NFS for NT will have a negative impact. They're not allowing people to go both ways, and that's unfortunate.

GRAHAM: Multimedia capabilities will be built in to the operating systems. We'll have increased capacity for multicasting — video and audio delivered on demand over the 'net. With Asynchronous Transfer Mode in the backbone, we can establish paths of quality service. And with improved security, we'll get virtual private LANs.

Goff is a freelance writer in New York.

THE PANELISTS and HOW THEY RANK THEIR NETWORKING NEEDS

MICHAEL CZARNECKI: Certified Novell Administrator and technical services manager at Network and Systems Professionals Association in Milwaukee

Level of demand: 3 to 4

Hiring plans: To increase staff by 25% to 50%; seeking people who can perform double duties — help desk professional and NT or Unix administration

DAVID DEITCH: President of the Network Professionals Association's Atlanta chapter and a LAN systems administrator at a Fortune 1,000 media company in Atlanta

Level of demand: 5

Hiring plans: Company will be seeking LAN and system administrators, intranet developers and end-user support staffers

BRIAN GRAHAM: manager of IT consulting at Columbia University's Administrative Information Services in New York

Level of demand: 4 to 5

Hiring plans: About a 20% increase, including attrition and hires for new positions; positions include client/server developers and Unix application programmers

MARK BOVAJIAN: Information specialist at Ogden Environmental and Energy Services in Westford, Mass.

Level of demand: 5

Hiring plans: (no comment)

* ON A SCALE OF 1 TO 5
1 = LITTLE TO NONE
5 = VERY HIGH

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The Week in Stocks

Gainers		Losers	
Symbol	PERCENT	Symbol	PERCENT
Advanced Inc. (P)	5.4%	Advanced Micro Devices (P)	-1.2%
Advanced Micro Devices (P)	5.2%	Advanced Micro Devices (P)	-1.2%
Advanced Micro Devices (P)	5.2%	Advanced Micro Devices (P)	-1.2%
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INDUSTRY ALPHABET

Y2K fix-it companies

With your 2000 troubles catching the attention of even *News Week*, *Time*, *Fortune*, it's high time to begin to reach beyond the pages of tech-trade trade publications.

Even so, some of the Wall Street fever for your 2000 stocks has cooled, and many analysts are looking away from companies that make your 2000 assessment and analysis tools (see Y2K April 29). Attention has shifted to services firms that can roll up their sleeves and help fix applications.

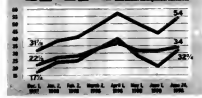
"It's very unlikely that all the Y2K problems will be fixed in time, so there will be a lot of Y2K work for services providers going on beyond 2000," says Terence Thurney, an analyst at J. P. Morgan Securities, Inc. He adds that these companies that get their fix in the door at large corporations will see your 2000 work will likely be able to leverage that access to sell their other services.

Bill Leonard, an analyst at Legg Mason Wood Walker, Inc. in Washington, agrees, saying your 2000 projects completed within the time required will impress large corporate clients.

Both Thurney and Leonard point to Beasbee-Band Kenna, Inc. (AMBSSE) as one of the top year 2000 services companies because it has taken care of its large client's year 2000 problems and then used those jobs as references for other work. In the first quarter of this year, Kenna showed \$75 million in revenue from its year 2000 work, compared with \$40 million in the preceding quarter and just \$10 million in the first quarter of 1997. Leonard says he is bullish when year 2000 services revenue approaches 50% of total revenue, but Kenna's year 2000 income makes up only 34% of its total. Kenna's Inc. (NYSE:KCN) is Englewood, Colo., an indirect for the same reason, Thurney says, with its year 2000 revenue now less than 30% of its total. — Stewart Duck

YEAR 2000 SUCCESS STORIES

The stock prices for services companies show how their 2000 work has paid off



Symbol	PERCENT	Symbol	PERCENT
Advanced Micro Devices (P)	5.2%	Advanced Micro Devices (P)	-1.2%
Advanced Micro Devices (P)	5.2%	Advanced Micro Devices (P)	-1.2%
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Advanced Micro Devices (P)	5.2%	Advanced Micro Devices (P)	-1.2%

KEY: (P) = New annual high reached in period (S) = New annual low reached in period
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Tech skills gap forces HR change

CONTINUED FROM PAGE 1

As a technical recruiter at Standard Insurance Co. in Portland, Ore., Barb Lyman meets every Monday with 15 staffers to discuss open positions and candidates. Her job once was held by a part-time employee, but Lyman was brought on full time and told to make 15 recruiting her sole focus.

"This is such a complicated area that it just works better if you are devoted to it," Lyman said.

Steve Card, senior vice president and chief information officer at Hartford, Conn.-based United Health, said his company's reorganization makes it much easier for 15 managers to communicate their staffing needs.

"When we have 15 staff meetings and talk about business

initiatives, our director of [human resources] is at the table," said Card, who acknowledged that he doesn't always see eye-to-eye with Porter.

Tension between human resources and 15 is hardly new. Technology managers have long complained that human resources people don't understand the technical requirements of 15 jobs. They also lament that traditional recruiting methods don't work in the current job market.

COMMUNICATIONS GAP

On their side, human resources folks find 15 managers to be unsavable and poor communicators.

The root of the problem is that human resources doesn't understand why 15 is different

from other parts of the company, said Kermit Vogel, an analyst at Meta Group, Inc. in Stamford, Conn. "There is a labor shortage in 15, but there's not a labor shortage in general," Vogel explained. As a result, "Human resources" doesn't see why they have to pay a person \$75 more in 15 than they would in any other department.

The lack of understanding between the two departments can be devastating. One high-tech company saw its 15 turnover rate climb from the single digits to about 10% after a 3% cap on annual raises was mandated by human resources, according to a consultant hired by the company.

Another common outcome is that 15 people — already

DEPARTMENTAL DIVIDE	
Some common problems between HR and 15, and how companies solve them	
Problem	Solution
15 workers' job descriptions, salaries are too rigid	Develop 15 specialists in HR
Traditional recruiting process is too slow	Have 15 participate directly in recruiting
HR doesn't understand technical aspects of 15 jobs	Have HR people meet regularly with 15 or report to 15 manager
HR doesn't deliver the right candidates	Get 15 to write up detailed description of an ideal candidate

strapped with year 2000 projects — bypass human resources and do their own recruiting.

Still, the most successful 15 departments have figured out how to work with their in-house recruiters, said Dan Roberts, president of OutRite and Associates, a Bedford, N.H., consultancy that specializes in IT culture change. "CIOs already have too much on their plates, so staffing is an area they can't

really stay on top of," Roberts said.

Some companies, for example, make sure that human resources people have a partner in IT who is willing to work closely with them, said James Essery, president of TemPositions Corp., a temporary staffing firm in New York that works with human resources people to make them more effective 15 recruiters. □

Comedy Central's new edge

CONTINUED FROM PAGE 1

delivered on spreadsheets. Nothing was automated.

But that all has changed. In January, after Comedy Central was told to make a go of it with its own sales force, the company paid to have account information extracted from MTV's AS/400 mainframe.

The data was transferred into a new system provided by Bellevue, Wash.-based Pivotal Software, Inc. using a Microsoft Corp. SQL Server database running on Windows NT.

The new 20-person sales force was armed with relationship tracking software on IBM ThinkPads, and a database containing critical contacts and account histories was built to handle information on thousands of cable affiliates.

Of the 70 million U.S. homes equipped with cable, 50 million subscribe to Comedy Central, which is based here and is jointly owned by Viacom, Inc. and Time Warner, Inc. The channel turned a profit this year for the first time.

Now, the sales force must focus on using new technology to lure the 20 million remaining cable subscribers or improve upon existing cable deals.

Better deals happen by getting Comedy Central placed on a lower cable channel (any channels from 1 through 20 are considered heavy) or wedged more often between ESPN and

other popular networks.

But the network's sales process is complex, and the database must constantly be updated to reflect buyouts and mergers. With the new Pivotal software, salespeople can track contact changes and mark when existing deals with cable companies expire. Most important, they can keep the shared database current and eventually tie the database to their billing system to automate invoices.

QUICK CHANGES

"It changes ever so fast," said Sarah Louise Hale, a coordinator of affiliate relationships who works on deals involving 10,000 and fewer subscribers. "I can open up my database now and enter a new VP's name and everything as it. The worst thing as far as affiliate relations goes is to send out a pitch letter to someone who left five years ago. That is embarrassing."

And bad for business. Overall, the company hopes the new system will help it pick up another 5 million homes by year's end.

Howard Portley, a consultant at Price Waterhouse LLP in Los Angeles, said Comedy Central's system is one of the first of its kind in the industry to be brought online. "They probably have the most sophisticated network up, but other cable net-

works are poised to connect those dots in the near future."

Before launching the project, Comedy Central had to sort out the complications of merging information from its legacy billing system with information imported from MTV's AS/400 onto the Windows NT system.

"We wanted something up as soon as possible," said Macdon D'Sa, Comedy Central's director of affiliate revenue. "We wanted it correct, and we wanted to do it right."

So the channel hired an integrator and planned to train users in February. By May, the NT-based relationship management system was online. Now, sales uses one software system to track critical information that details cable company contracts, ownership, rates charged and expiration dates for existing packages.

The system is also automated. When a new affiliate picks up Comedy Central and account information is entered into the system, a system agent is triggered that will automatically alert the company when it is time to turn on a service switch.

Before choosing Pivotal, Comedy Central looked at several other systems from Sales Logic and a small, customized application for the cable industry. But Pivotal's system was the simplest to customize, provided an easy-to-change user interface and was the most robust, D'Sa said.

"You can change the [interface], but the source code from Pivotal and the database is the

same," D'Sa said.

Besides automating the selling process, the system provides a marketing component that will let Comedy Central track dollars invested in new launches, which occur each time a cable system adds the channel to a basic cable customer package. It will also be used to gauge the success of promotions held around the company with cable companies. At any time, an ac-

count manager can use the same system to generate reports that detail individual sales performance and project forecasts.

The company is also working to enable sales to E-mail contract terms to the legal department, which then reviews and stores the legal document in a shared Microsoft Word file.

"This system is our Bible," Hale said. And that's no joke. □

Web security hole uncovered

By Sharon Machuli and Carol Sliva

A BELL LABS researcher has uncovered a possible security hole in one of the most popular encryption methods used for electronic commerce on the World Wide Web.

Major Internet software vendors said last week they are developing strategies to deal with the potential flaw in the Secure Sockets Layer (SSL) protocol, including software patches and instructions on proper server configurations. Only servers, not clients, are affected.

The problem involves a standard used by RSA Data Security, Inc. encryption called PKCS #1. Bell Labs' Daniel Bleichenbacher discovered that a message encrypted with PKCS #1 can be decrypted by sending a large number of specially constructed messages to a targeted server and analyzing the rejection messages that ensue.

It could take up to 1 million such messages to decode an SSL session, Bleichenbacher said in a statement released by Bell Labs. That means a systems administrator could see such an attack taking place.

There haven't been any reports of an actual attack using the technique, several software vendors said.

Firms already posting information for their customers include CA-NET Software, Inc. (www.c-net.com), CompuSecure Development Corp. (www.compusecure.com/ad-ra.html), IBM (www.ibm.com/security), Lotus Development Corp. (www.lotus.com/security), Microsoft Corp. (www.microsoft.com/security), Netscape Communications Corp. (http://help.netscape.com/products/server/sslindex/index.html), Open Market, Inc. (www.openmarket.com/security) and RSA (www.rsa.com/rsalab/), which holds the RSA encryption patents. □

The Back Page

altcw

Dispatches & messages from the trenches of the tech world

Inside Lines

Bestowing raspberries to rude sites

The floor for nominations to the Exclusionary Sites Hall of Shame is open at www.totf.com/exclusionary. *Idiot*, it spotlights lazy or mean-spirited Web site owners who exclude certain browsers. For example, one Microsoft-related site provides only a shrunken front page to visitors using Netscape.

ROBOTS STALKING ROBOTS

It is a robot version of *Spy vs. Spy*. Stanford University scientists have equipped autonomous "observer" robots with video cameras and successfully programmed them to track "target" robots. The researchers are working on programming their observers to stalk targets that attempt to evade pursuit. Naturally, the U.S. Army is interested.

Computerworld INDEX

Questions on the Census 2000 long form. 53

Questions about household computer technology: 0

U.S. revenue stream in jeopardy if the Internal Revenue Service doesn't fix its year 2000 problem: 95%

High-level job candidates who show up in casual attire: 40%

Increase in office printing after E-mail is introduced: 40%

Web pages containing the terms "year 2000," "Yak" or "millennium bug": 162,630

Transistors in an Intel chip in 1972: 3,500

Transistors in an Intel chip in 1997: 7.5M

All-time top 100 films available in DVD format: 35

Source: See Also: Microsoft News, San Jose, Calif.; Internal Revenue Service, Washington; Chrysler & Toyota, Inc., Cleveland; Intel Group Journal, New York; National Science Foundation, Washington; Semiconductor Manufacturers Association, Washington; Intel, Phoenix; Seattle Times, Calif.

Holy Date-Fields, Batman! It was only a matter of time before Hollywood cashed in on the year 2000 problem. The *New York Post* reports that Warner Brothers Studios is developing a techno-thriller starring Chris O'Donnell called *Yak*. O'Donnell plays a young programmer who "discovers dangerous information" while working on a company's software as D-day approaches. The film uses the computer bug as a backdrop to center on O'Donnell's "harrowing personal dilemma" that stems from his work. Sound familiar? News editor Patricia Kaege would love to hear about your latest dilemma, Yak-related or not. E-mail her at patricia_kaege@cw.com or fire up your Dataphone and call (508) 800-8183 with news tips and tidbits.

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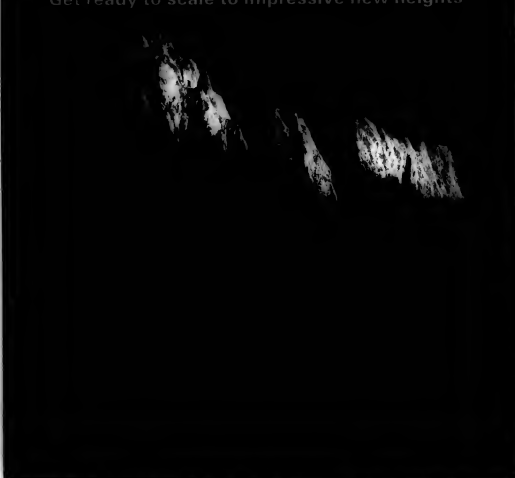
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